

# BUSINESS WEEK

JAN. 26, 1946

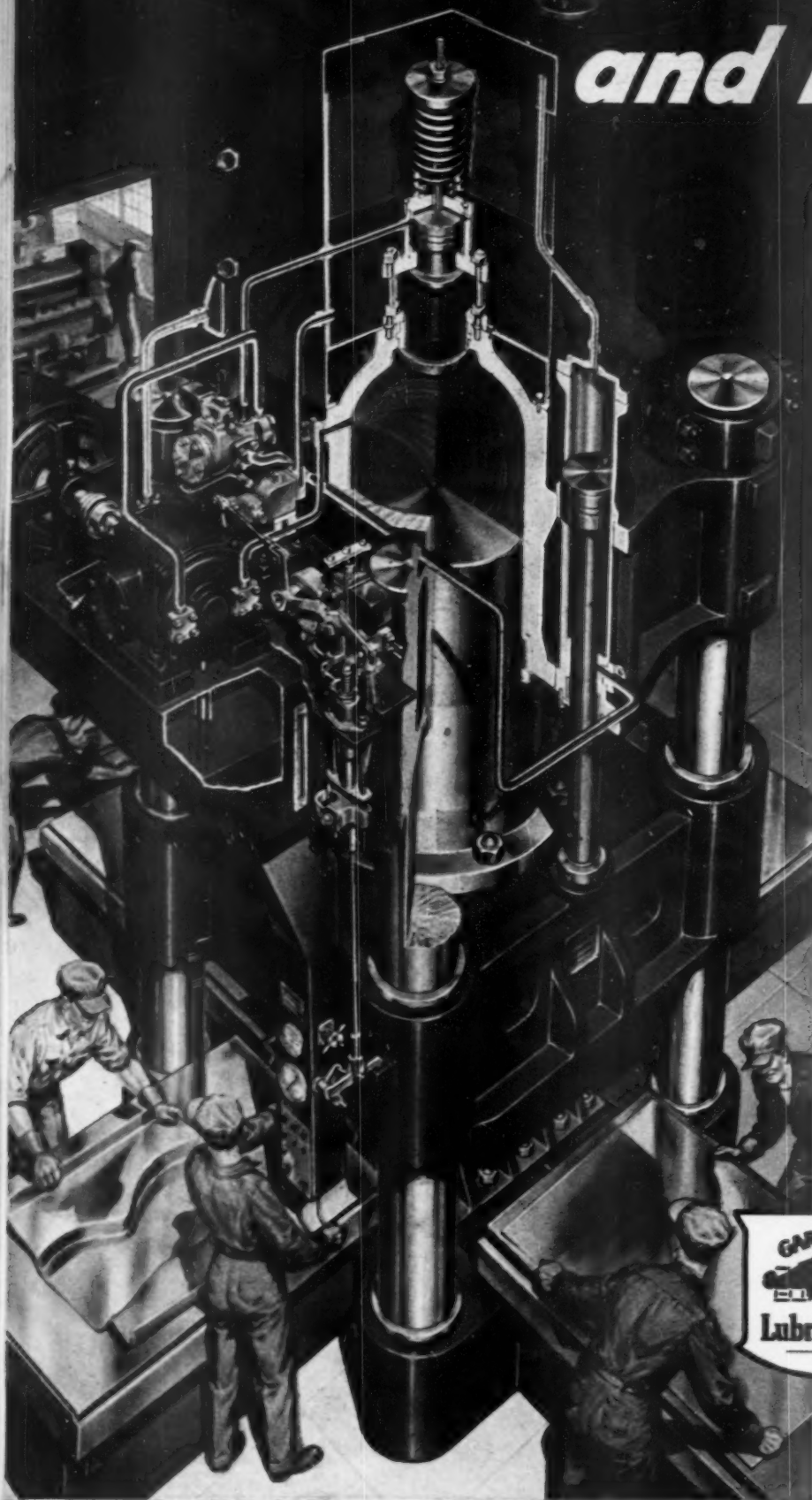


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The International Outlook .....  
Labor .....  
The Labor Angle .....  
Marketing .....  
The Markets .....  
New Products .....  
The Outlook .....  
Production .....  
The Trend .....  
Washington Bulletin .....  
The Pictures—Harris & Ewing—Cover,  
Press Assn.—15 (left), 16, 21, 92; Acme  
(right), 19, 46, 67, 81, 102; European  
Signal Corps—36; McGraw-Hill—40; B  
Combine—68.

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## SPREADING HIS FIRE

President Truman's prolix message to Congress lost its force in dispersion. The multiplicity of his recommendations, most of which come under the heading of "unfinished business" anywhere, is irritating to a Congress that is indifferent and irresolute.

Some observers hold that Truman's practice of deluging Congress is smart strategy; that, by so doing, he will get action sooner or later on a majority of his proposals, although he's not likely to get exactly what he wants with respect to any one of them. And as regards the intrinsic features of many of them, time is not vital. The accompanying item-by-item checklist supports the view that, in time, Truman's ally will be high.

Obviously, however, nobody is pleased with the whole program, and Democratic leaders in Congress fervently wish that the Chief Executive would concentrate on a few proposals that he really wants, and put them on a priority list. Too many of his proposals, in the opinion of these critics, represent the desires of special interests that do not bear directly on getting the country back on a productive peacetime footing. By checking the list (box), you can form your own estimate of the validity of this view.

## Logjam Brings Urgent Plea

Whether or not Truman has put Congress in a false position, with his charge that it has retarded production by failing to act promptly on more than a score of recommendations dating back as far as last June, the logjam on Capitol Hill does typify something of a psychological barrier to full recovery. The result is the President's urgent request for an extension of price and rental controls, together with certain other war powers, and the continuation of food subsidies beyond June 30.

Although Congress, as a whole, doesn't seem to share Truman's alarm over the inflation threat, these measures probably will be passed in a modified or selective form. But, in the absence of ample production, such controls are only a makeshift.

## TAX CUT, REGARDLESS

Although President Truman said no (page 17), a reduction in taxes on 1947 individual incomes from top to bottom is certain. The bill will come along later in the year. Tax policy makers

## What Truman Wants—And May Get

Truman's proposals to Congress on domestic affairs, the date of their original submission, and prospect of enactment:

Statutory power for labor dispute fact-finding boards (Dec. 3, 1945); still dubious, and curtailed in any case (page 102).	Extension of price control act beyond June 30 (Jan. 21, 1946); in some form.
Full employment bill (Sept. 6, 1945); an emasculated version eventually.	Continuation of food subsidies beyond June 30 (Jan. 21, 1946); probable, but depends on situation at later date.
Increased unemployment compensation (May 28, 1945); maybe, but of diminishing importance as time passes.	Universal military training (Oct. 23, 1945); some training, but compulsory feature will be severely modified.
Increased unemployment allowances for veterans (Sept. 6, 1945); maybe.	Unification of armed services (Dec. 19, 1945); yes.
Social security coverage for veterans during period of military service (Sept. 6, 1945); eventually.	Comprehensive program of scientific research (Sept. 6, 1945); yes.
Raise in national minimum wage (Sept. 6, 1945); up to 55¢ or 60¢ by summer.	Succession to the presidency (June 19, 1945); not this year.
Retention of U. S. Employment Service offices in federal government for another year (Sept. 6, 1945); probable.	Domestic use and control of atomic energy (Oct. 3, 1945); yes.
Establishment of permanent Fair Employment Practice Committee (Sept. 6, 1945); temporary extension.	Extension of crop insurance (Sept. 6, 1945); yes.
Health and medical care program (Nov. 19, 1945); not soon.	Stockpiling of critical materials (Sept. 6, 1945); yes.
Application of price control to old houses (Jan. 21, 1946); dubious.	Federal-aid airport program (Sept. 6, 1945); yes.
	Repeal of Johnson act prohibiting loans to debtor nations (Sept. 6, 1945); yes.
	St. Lawrence waterway and power project (Oct. 3, 1945); no.

in Congress have a hunch that by then the inflation threat will not be so scary, and that Truman himself will come round.

Meantime the joint committee on internal revenue taxation is poking into particular angles. One of them is exemption, partial or entire, of dividend income in the hands of individuals. Another is calling on the Treasury to explain why its administration of Section 722, the highly technical section designed to grant special relief from the excess-profits tax to companies with unusually low income during the base period, has moved so slowly and resulted in so few tax refunds.

## DELAY PERILS U. K. LOAN

Approval by Congress of the British loan is a rather certain prospect at the moment, but there's hazard in delay.

Even though the wave of internationalist sentiment which has swept the country is the greatest in its history, there is no particular enthusiasm for the loan on Capitol Hill. Should such sentiment ebb with a disappointing turn on the international affairs front, the present loan could be pulled under by the backwash.

Dilatory action by Congress on the British loan will hold up the reciprocal trade program which the State Dept. is busily mapping. The British will be in no position to make binding commitments until the loan is a certainty.

## ECCLES PASSES TO VINSON

Marriner S. Eccles, Federal Reserve Board chairman, was among the first to admit that this week's abolition of margin trading by FRB will do little to curb speculative activity in the stock



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market. The action was taken more as a means of dramatizing the inflation problem—and to reiterate that the board itself is virtually powerless to cope with the present situation.

It was Eccles' way of putting it up to the Treasury Dept., whose methods of wartime financing have produced an expectedly large expansion of bank credit, thus building up a stockpile of fuel for the inflation fire.

Secretary of the Treasury Fred M. Vinson is now meeting with insurance executives and bank officials to develop a pattern for future government financing.

The expectation in Washington is that Vinson will soon revise some of the borrowing policies of his predecessor, Henry Morgenthau, Jr., who was frequently at odds with Eccles.

## CPA NOW HAS A FUTURE

When WPB disbanded early last November, turning over to a mopping-up crew—the Civilian Production Ad-

ministration—the chore of policing such materials as still required controls, much less postwar turbulence was expected than has been encountered. And that's putting it mildly. CPA had expected to start winding up its affairs Mar. 31 and bow out June 30.

Now CPA boss John D. Small finds himself holding the bag. From this point on, more controls will be put back on than are taken off until prolonged shortages of materials and components clear up. CPA literally has been yanked back from the edge of a peaceful grave. Officials are not happy about it, but have no choice. They are asking Congress for funds to keep the agency in full operation until June 30, and are prepared to ask for more later to carry operations into the new fiscal year.

This is CPA's future, as CPA sees it at present. Because of the pyramiding effect of work stoppages, some officials are talking in terms of expanding personnel to enforce compliance with inventory control, allocation, conservation orders. But such action won't be taken if the strike situation improves.

## FSA SUPPORTERS RALLY

Consolidation of all federal credit agencies under an independent bipartisan board, though favored by the House Agriculture Committee, will have a long rest in the House Rules Committee.

Friends of the Farm Security Administration are fearful that enactment of the consolidation bill would kill essential features of the FSA program. And Democratic leaders, who do not look with favor on a new bipartisan agency, can be counted on to let the bill lie.

Republicans, in turn, probably will join with Democrats sponsoring the consolidation bill to block the Cooley bill, which would establish the Farm Security Administration on a permanent basis. In anticipation of stalemate, Chairman John W. Flannagan of the House Agriculture Committee has introduced a stop-gap bill in order to give FSA another year of life after June 30.

President Truman has kept out of the row, but it's understood that he

## Manpower Wanted—In the High Places in Washington

With the ropes and sails of national affairs pretty much fouled up, the skipper of the ship of state is now drawing much of the blame—more than employers, unions, or Congress. There are still those who say that Truman is doing the best he can, that Roosevelt couldn't have done better, but this negative defense of the man in the White House is greeted somewhat impatiently. In the general griping, this is to be expected.

• **Friendship's Woes**—More significant is the Administration's "cry baby" attitude. Truman himself is rather grim, but calm on the whole, and inclined to be philosophical even now. He's got more fortitude than several of the men around him, who apparently are feeling sorry that old friendships with Harry won't permit them gracefully to depart from Washington. At the same time they complain that not enough men of ability (or men of more ability) will now come to Washington because of the hard work, low pay, and public abuse.

Recent appointments by Truman demonstrate (1) that, in the main,

he has to draw heavily on his friends, who rotate from position to position; (2) that in the present poverty of manpower for high administration jobs, there is an opportunity for men ambitious to rise in public life, to get to the top quickly, if they have a tough hide.

• **For Example**—We give you W. Stuart Symington, a fairly young, energetic businessman who came to Washington last June from the Emerson Electric Mfg. Co., St. Louis, as chairman of the three-man Surplus Property Board. It wasn't very long before the board itself was disposed of, and Symington was the single administrator of surplus disposal. He turned in a creditable performance in organizing that much heckled operation. And it was by no means a thankless task. Symington's reward is his nomination as Assistant Secretary of War for Air, with the prospect that he will become the Army's civilian head in the event of a merger of Army and Navy in a Dept. of National Defense.

We give you Edwin W. Pauley, former treasurer of the Democratic

National Committee and presently reparations commissioner with the rank of ambassador, who is now slated, if the Senate consents, to be Under Secretary of the Navy and eventually move into the position of Secretary James Forrestal.

• **Opposition**—Pauley's nomination is no surprise to anybody, but a disappointment to many. His confirmation will meet opposition on various counts, including his activity in behalf of California tideland oil interests. Observers put two and two together when, shortly before Pauley's nomination, it was reported that Truman intends to shift custodianship of naval oil reserves from the Navy Dept. to the Interior Dept.

It seems rather obvious that this move is designed to foreclose the question of propriety raised by Pauley's oil holdings. But the record will show that Secretary of the Interior Harold Ickes long has advocated putting all the government's oil in one barrel. It's worth remarking, too, that it was Ickes who asserted the federal claim to the tidelands.





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stands with Secretary of Agriculture Clinton P. Anderson in opposing divorce of the farm credit units from the Agriculture Dept. He may have something to say when he undertakes the reorganization of federal agencies recently authorized by Congress.

—Business Week's  
Washington Bureau

## THE COVER

Vice-Admiral Emory D. Land, U.S.N. (retired), is clearing for action in a new command—as president of the Air Transport Assn. of America—amid reports that have made his appointment look like major news.

In the choice of Land to head this organization of lustily individualistic U. S. airlines, Washington reads a hint that A.T.A. will look with favor on the pleas of transoceanic steamship companies that they be taken into the air business. This the Civil Aeronautics Board has steadfastly opposed.

Neither A.T.A. nor the National Federation of American Shipping will yet admit it, but legislation to permit shipping companies to own a big share of airlines stock is expected in Congress as soon as the admiral gets his decks clear. For one explanation, the airlines are looking at the thousands of representatives, ticket offices, and other facilities abroad that the steamship companies could throw into a transocean air setup.

Salty Jerry Land will take to the air as vigorously as he took to the sea and—less happily—to his Washington desk job as War Shipping Administrator. He learned to fly in 1922 and has worked for aviation in such posts as Assistant Chief of the Navy Bureau of Aeronautics, member of the National Advisory Committee for Aeronautics, and vice-president of the Guggenheim Fund for the Promotion of Aviation.

In leaving the government, the admiral announced that he was "war-weary"—a "Land story" that brings grim snorts from his hard-driven associates. (Land stories are famous. For a minor example, there's the one about his greeting to the young wife of a staff member who attended that ship-christening by the Dionne quintuplets. The Admiral asked her if she "had come for inspiration.") At 67, Land plays a mean game of tennis, likes to fish, is an ardent party-goer.

In A.T.A., Land will work with Executive Vice-President Robert Ramspeck, former Georgia congressman, will have Milton W. Arnold, a brigadier general and recent acting chief of staff of the Air Transport Command, as engineering vice-president.



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# THE OUTLOOK

BUSINESS WEEK

JANUARY 26, 1946



President Truman's budgetary estimate of federal revenues totaling \$31,500,000,000 in the fiscal year beginning next July 1 rests on one very important assumption:

That labor troubles will be settled quickly enough for the country to be operating with a high-level economy throughout that fiscal year.

This is a belief shared by the country at large. Nothing has happened yet to put this goal beyond our reach. But there is no excuse for being a nation of ostriches. We have been seriously set back.

For example, the auto industry's billion-dollar expansion has, in the main, not even been started. The industry can't see its way clear to spend that kind of money under present circumstances.

Without this expansion, many companies can't reach peak production bogeys. They warned Washington, back last summer, that construction would prove a worse bottleneck than tin solder, castings, or manpower.

This adds emphasis to the urgency of labor peace. Our problem isn't just evaporation of savings earmarked for new cars or refrigerators.

•  
Shortages of materials and parts due to strikes are, naturally, fanning out in all directions.

In addition to steel mills, some 700 companies not engaged in the production of steel have been closed because their laborers are members of the United Automobile Workers; more or less directly, 40% of all manufacturing is dependent on steel as a basic raw material (page 16).

The packing house walkout, in addition to crimping meat supplies, affects production and distribution of lard, leather, oleomargarine, and even pharmaceuticals (with one eastern newspaper choosing to fear that lack of animal extracts used in Wassermann reactions will stop weddings in 33 states requiring premarital blood tests).

And more auto companies were shutting down production lines this week for want of glass (page 20)—even though the glass strike had been settled.

Supplies of parts are out of balance practically throughout industry, will remain so for some time even after strikes subside.

•  
Strikers are losing pay, and so are those thrown out of work by the cumulative effects of strikes, but spending goes on apace.

Department store sales in New York City were 32% over a year ago in the week ended Jan. 19, the Federal Reserve Bank of New York reports.

In some part, last week's sales rise is due to comparison with a storm-hampered week a year ago. But mostly it represents fierce demand—backed by a lot of "hot" money, by desire to buy and hoard scarce goods.

It will be well to watch store sales closely in mapping production and distribution programs. If strikes should persist on a large scale, retrenchment by consumers would show up first at store counters.

•  
Over-all shortage of fats and oils at a time of low butter production adds to the scramble for bread spreads, shortenings, and salad oil.

Late-season deterioration in soybean and cotton crops contributes.

Trade interests doubt that the soybean harvest came up to the final government estimate of 192,000,000 bu. by many millions of bushels. They

# THE OUTLOOK (Continued)

**BUSINESS WEEK**  
**JANUARY 26, 1946**

insist it fell substantially below 1944's 190,000,000 bu. The short cotton crop yielded about 24% less seed than in 1944.

Pigs held back on feed with the slaughterhouses closed will put on a few pounds of fat, but this lard will provide only modest relief. There is little prospect of an adequate fat-and-oil supply until late this year.

Reports of a coffee shortage are without substantial foundation.

Stocks of green coffee in the United States on Nov. 30 were slightly over 4,215,000 bags, close to three months' average roasting needs.

Beyond this supply, importers had bought 4,304,000 bags between Nov. 19 and Jan. 9 under the subsidy program. This plan provides a 3¢-a-pound subsidy on as many as 6,000,000 bags (132 lb. to the bag) to be imported by Mar. 31, 1946.

Latin American producers are reluctant to sell, nevertheless, even at the subsidized price. This could ultimately cause trouble.

Complicating the situation at the moment are (1) efforts to move supplies in wartime containers as better ones come back, (2) occasional shortages of certain brands, and (3) some frightened hoarding.

Prospects for the farmer have been revised upward in the last month.

Declining prices in 1946—estimates ranged from 5% to 15%—are not as yet visible in any direction. In fact, cotton went above 25¢ a lb. on the New York Cotton Exchange Tuesday, the first 25¢ cotton in 19 years.

The average of all farm prices reached a new peak in December. Only in a few cases does there seem any likelihood of a decline until the prospects for 1946 production become more obvious.

Demand for most meats will outrun supply for many months. There is the chance, however, that hogs may sell lower next spring when the large 1945 fall hog crop begins to come to market.

The poultry-and-egg situation is the weakest in U. S. agriculture.

Look for a decline in the price of chickens as soon as the meat packers get back to large-scale slaughter, for cheaper eggs as soon as the seasonal upswing in production starts.

The Dept. of Agriculture estimates that chick production in 1945 was a record 1,597,421,000 against 1944's high total of 1,288,491,000. Moreover, hatcheries' orders for chicks are 26% larger than a year ago.

Fairly severe culling of flocks is advocated by the D. of A. if a serious egg glut is to be avoided in the spring and summer.

Money in circulation continued its headlong decline last week. In the three weeks after Christmas, the drop was almost \$540 million.

Huge as this decline would have been by prewar standards, it amounts to only about 2% now. With circulation still above \$28 billion, a decline of half a billion doesn't go far toward neutralizing the inflation potential represented by all this cash.

This year the main interest is in whether the post-Christmas low will be reached late this month (the normal seasonal low point), or whether the decline will continue to wash out some of the wartime rise.



# FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below) . . . . .	*170.9	†173.2	173.2	230.8	162.2

## PRODUCTION

Steel ingot operations (% of capacity) . . . . .	4.9	76.5	62.8	91.2	97.3
Production of automobiles and trucks . . . . .	28,465	23,340	17,580	20,720	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . .	\$12,090	\$10,145	\$11,334	\$3,834	\$19,433
Electric power output (million kilowatt-hours) . . . . .	*4,150	†4,163	4,239	4,588	3,130
Crude oil (daily average, 1,000 bbls.) . . . . .	4,606	†4,571	4,480	4,734	3,842
Bituminous coal (daily average, 1,000 tons) . . . . .	1,917	†2,011	2,061	2,025	1,685

## TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars) . . . . .	79	†79	77	80	86
All other carloadings (daily average, 1,000 cars) . . . . .	50	†49	52	50	52
Money in circulation (Wednesday series, millions) . . . . .	\$28,119	\$28,297	\$28,557	\$25,209	\$9,613
Department store sales (change from same week of preceding year) . . . . .	13%	†—7%	15%	14%	+17%
Business failures (Dun & Bradstreet, number) . . . . .	20	10	8	16	228

## PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100) . . . . .	265.2	264.8	264.7	253.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100) . .	169.8	169.7	169.7	166.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100) . .	234.5	233.8	232.8	223.5	146.6
Finished steel composite (Steel, ton) . . . . .	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton) . . . . .	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.) . . . . .	12.000¢	12.000¢	12.000¢	12.000¢	12.022¢
Wheat (Kansas City, bu.) . . . . .	\$1.69	\$1.69	\$1.69	\$1.62	\$0.99
Sugar (raw, delivered New York, lb.) . . . . .	3.75¢	3.75¢	3.75¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.) . . . . .	24.71¢	24.48¢	24.54¢	21.59¢	13.94¢
Wool tops (New York, lb.) . . . . .	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.) . . . . .	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

## FINANCE

90 stocks, price index (Standard & Poor's Corp.) . . . . .	143.5	144.7	136.1	126.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's) . . . . .	3.01%	3.03%	3.09%	3.45%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's) . . . . .	2.53%	2.55%	2.60%	2.69%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average) . . . . .	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	4%	4%	4%	4%	4-8%

## BANKING (Millions of dollars)

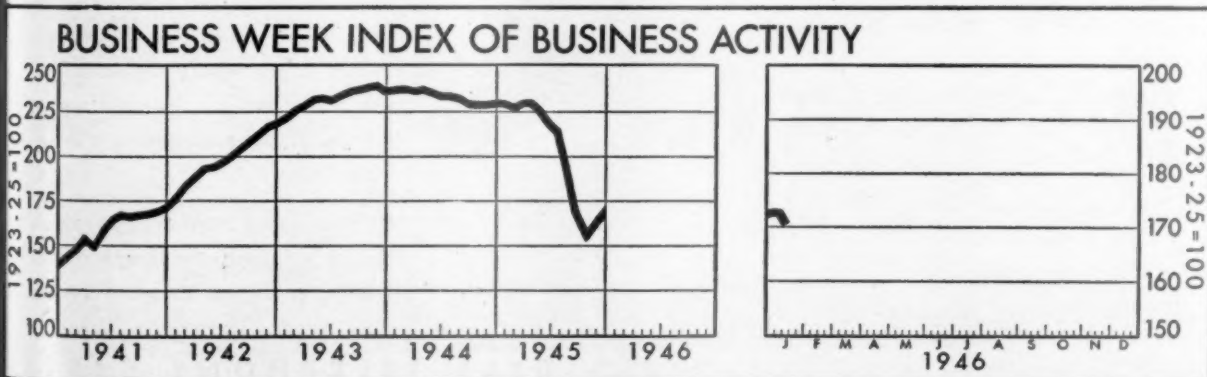
Demand deposits adjusted, reporting member banks . . . . .	37,728	37,384	37,974	35,686	23,876
Total loans and investments, reporting member banks . . . . .	68,220	67,838	68,102	59,635	28,191
Commercial and agricultural loans, reporting member banks . . . . .	7,296	7,242	7,241	6,415	6,296
Securities loans, reporting member banks . . . . .	5,075	5,237	5,825	3,471	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks . . .	49,629	49,133	48,827	44,393	14,085
Other securities held, reporting member banks . . . . .	3,367	3,395	3,323	2,891	3,710
Excess reserves, all member banks (Wednesday series) . . . . .	1,600	1,330	1,441	1,161	5,290
Total federal reserve credit outstanding (Wednesday series) . . . . .	24,072	24,536	24,857	19,310	2,265

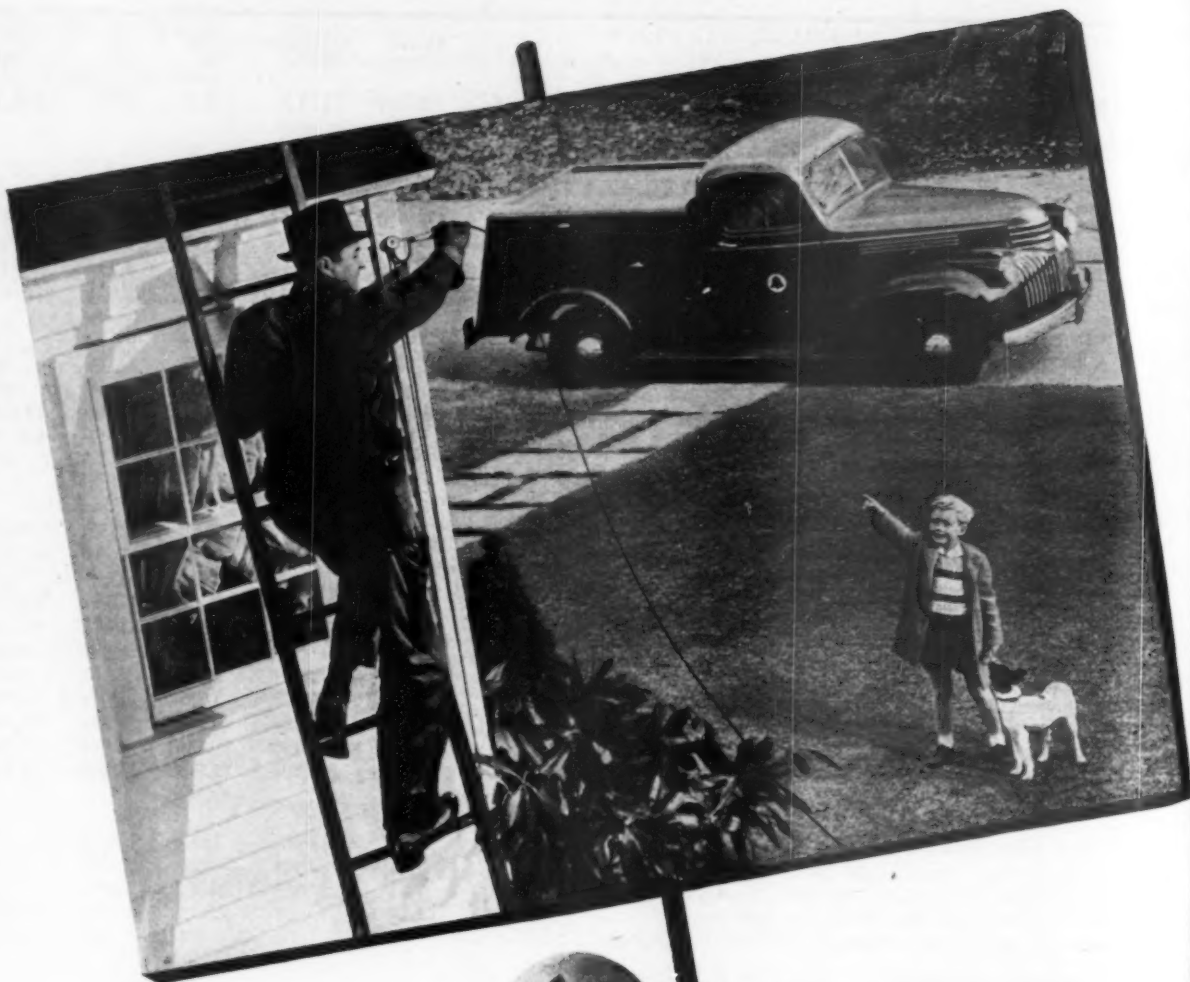
\*Preliminary, week ended January 19th.

†Revised.

‡Ceiling fixed by government.

§Date for "Latest Week" on each series on request.





*We're catching up  
with those  
telephone orders*



**T**HE news is a lot better for every one who's been waiting for a telephone.

We've put in more than 500,000 telephones in three months—and they're going in faster every day.

But there are places where we have complicated switchboards to install—even places where we must build new buildings for the new switchboards. In those places it will take more time.

We're working hard on that job and aiming to give everybody quicker and better service than ever before.



**BELL TELEPHONE SYSTEM**

There's Good Music on The Telephone Hour . . . every Monday evening over NBC

## Strikes Paralyze U. S. Industry

As life blood of steel production drops to a trickle, slowing all manufacturing, C.I.O. and management face showdown. Meat packing seizure sets precedent for widespread take-overs.

The nation looked vainly for guidance this week to lead it out of the mass of labor strife in which its industrial machine was bogging down and in which flowed a creeping economic crisis. Never before in our history so many workers (around 1,650,000 midweek) been on strike; never before had steel production, the life blood of manufacturing enterprise, been choked down to less than 5% of capacity.

**Gap of Only 3½¢**—Although a tangle of many reasons explained why such a state had been reached, it remained unresolved because the C.I.O. in steel refused to pare its wage increase demand by 3½¢ an hour and the companies refused to raise their pay by that amount; because the C.I.O. union in General Motors and the corporation stayed 6¢ an hour apart; and because employers and unions in electrical manufacturing, communications, meat packing, farm equipment, and a host of other industries couldn't bridge a narrow gap on post-war wage rates.

Behind the pennies were involved literally millions of dollars. Benjamin Fairless, president of U. S. Steel, calculated, for example, that the 15¢-an-hour wage increase that his company is willing to pay—characterized as the

biggest wage increase in the history of the industry—would cost the corporation \$60 million annually. Comparably huge sums were at stake in other strikes; enough, perhaps, to make the difference in many cases between business operations being recorded in red or black ink.

• **Challenge to Way of Life**—But the worker on the picket line who was casting a very long shadow across the nation was not concerned with millions. He had been told that the difference between what his union was asking and what his employer was offering was only incidentally a difference in cents-per-hour. More importantly, he was instructed by Philip Murray, leader of the great strike army, that the difference was a whole way of life.

"An evil conspiracy has been hatched among American big business," thundered Murray, which "challenges our very basic democratic institutions." The C.I.O. fired its followers with the word that they were fighting against a nascent American fascism (financed by excess-profits tax rebates "mulcted from the U. S. Treasury"), the first objective of which was to destroy the labor organizations.

• **Retreated Three Times**—The C.I.O. logic was simple, if not persuasive. It ran something like this: Strong unions are the inseparable bulwark of democ-

racy. In retreating three times on the wage demand in steel—from 25¢ an hour to 20¢, from 20¢ to 19½¢, from 19½¢ to the acceptance of the Truman proposal of 18½¢—the C.I.O. demonstrated its willingness to bargain reasonably. Management, on the other hand, by refusing to agree, demonstrated that it wanted strikes: a naked test of strength with the unions which it hoped to win and in winning to weaken the labor movement and thus undermine democracy. The motive Murray imputed to employers in all this was a desire "to place themselves above all laws and rules of equity and justice."

Many employers, contemplating their strikebound plants, could unhesitatingly assert that if such a conspiracy existed they knew nothing about it. Willy-nilly they were caught in the fight between big unions and big business and were prepared, for the most part, to ride along with the judgment of the leaders of the business community who held that the time had come to take a stand—not for the objectives Murray attributed to them—but against further labor encroachments into the province of management.

• **Showdown**—And that was the way most business regarded the great 1946 showdown—as a back-to-the-wall management fight against the march of the C.I.O. to such power that it was beginning to believe it could have anything it wanted by merely growling and shaking its fist. Some business, indeed, saw a conspiracy, but of a distinctly different kind to Murray's vision.

Suspicion was deep in some quarters—planted and fed by the propaganda of



With counterparts from coast to coast, empty stock pens at Kansas City, cold furnaces of Republic Steel at Cleveland defy a deadend situation in labor-management relations laid on Washington's doorstep for solution.



# Steel Strike Affects Huge Share of All U. S. Industry

The steel strike, which this week plunged production of this basic metal to the lowest rate since figures have been compiled, brought the country face to face with the uncomfortable realization of just how much of all industrial activity relies on iron and steel.

Here are the biggest lines directly affected and their wage earners:

	Production Workers	% of Workers In All Mfg.
Iron, steel, and their products..	1,241,000	12.50
Machinery (incl. electrical) .....	1,351,000	13.61
Transportation equipment (ex- cept autos).....	525,000	5.29
Automobiles .....	331,000	3.34
Total .....	3,448,000	34.74

• **More Hit Indirectly**—These figures don't tell the whole story, because several hundred thousand office workers in these lines also were affected. Moreover, hundreds of metalwork-

ing companies that don't fit exactly into the above categories were all more or less directly involved.

All told, it is safe to say that more than 4,000,000 employees of manufacturing industries were idle this week because of the steel strike or would be as soon as meager inventories of steel products ran out. (In many cases, it has seemed wise to close before depleting steel inventory so as to be able to reopen promptly).

• **National Impact**—Struck were all but a handful of the plants turning out iron, steel, and iron and steel products. These number about 400 scattered through 250 communities from coast to coast. Their payroll in November is reported by the American Iron & Steel Institute to have been almost exactly \$100 million.

But when the United Steelworkers walked out, they closed more than

the basic 400 steel plants. The union has contracts with some 700 users of steel, and all their workers were called off their jobs.

• **Allied Plants Hurt**—This group of 700 employers, joined together in the Nonbasic Steel Coordinating Committee, maintains that it is not involved at all in the basic steel wage dispute.

Not only did users of steel face the early need of trimming sail, but industries which supply the steel mills were quick to feel the effects—rail and barge lines and coal mines, to name three outstanding examples.

• **Tires, Too**—Most surprising of all were the cases of companies affected which are not thought of as steel users. Included here is the whole tire industry, whose raw materials usually are thought of as being rubber and either cotton or rayon cord.

But there is also the braided-wire "bead" that holds the casing snug on the rim. Few tire plants now have as much as four-weeks' supply of bead, some have as little as two, and the average is about three.

• **Inventories Questionable**—Those few steel mills not struck will supply customers with about 90,000 tons—just a drop in the bucket compared with the industry's recent rate of about 1,500,000 tons weekly.

How long steel users' inventories will last was a moot point. Stocks are controlled, in theory at least, by Civilian Production Administration rules. However, the steel industry has been supplying close to 6,000,000 tons of ingot monthly since the end of the war, and many observers doubt that actual consumption has been anywhere near that high.



Source: American Iron & Steel Institute.

© BUSINESS WEEK

the auto workers union in General Motors for a look at the company's books, control of the company's price policies, and the demand that compensation be based on ability to pay—that behind the C.I.O. wage demands was a carefully thought-through plot to take over the functions of management.

• **Red Herring?**—These suspicions did not yield to the suggestion that the auto workers union had only been raising some red herring issues for bargaining purposes, or to the knowledge that in steel the union had never agitated along these lines. While some of his followers saw Murray, who received the Msgr. John A. Ryan Award for

being the "outstanding Catholic layman of the year," as a messiah leading labor in the hour of its great travail, others, mindful of the fact that this Scottish-born labor leader had been much influenced in the last five years by associates who are considered Communists, feared that he might prove to be another Lenin.

Correspondents in America for European newspapers reporting the great "internal crisis in the U. S." were careful, however, to make clear to their readers—who in the light of their own experience might consider our strike wave a prelude to bloody revolution—that the American government was stable and calm. Indeed, some citizens

scanning Truman's State of the Union message (page 5) found it too calm, believing that some bold action by the Truman Administration was called for. It was clear, however, after the few days of the steel strike, that the Administration was playing a canny political game.

• **Precedent for Seizure**—It was inconceivable that Truman, whose Democratic Party must maintain its alliance with urban labor to stay in power, would fail to use the vast resources of the federal government to keep the C.I.O. from going down to a smashing defeat. Although of questionable legality, there existed precedents for the seizure of the steel properties and the payment

...er government operation, of a wage  
...le that would satisfy the union.  
...then the steel strike officially began  
...12:01 a.m., Jan. 21, it was evident  
...at Truman would go this far if, for  
...ample, the union would not go back  
...work at the old wage scale after gov-  
...ment seizure.

But seizure in steel was not the im-  
...mediate consideration. The government  
...took over the meat packing plants to  
...keep a farmer-consumer bloc intent on  
...storing the meat supply from inter-  
...fering with the Administration's larger  
...political aims, and the meat seizure also  
...made a current precedent that will be  
...helpful in steel.

**Pressure on Congress**—But the exis-  
...tence of the steel strike put a pressure  
...on Congress to give the President sub-  
...stantially what he wants in the way of  
...labor legislation and Truman is betting  
...that the pressure will be strong enough  
...to get his fact-finding law (page 94)  
...through.

Whether the string can be pulled  
...at tight without breaking is admit-  
...tably a gamble, but, in order to give  
...this strategy a chance to work, the steps  
...preparatory to seizing the mills were not  
...taken immediately. Once a labor mea-  
...sure that the President finds satisfac-  
...tory is passed, machinery to get steel

production resumed will go into high  
...gear.

• **Bidding for Public Support**—Those in-  
...clined to take a somewhat longer view  
...of the labor situation could, with con-  
...siderable cogency, ask what appreciable  
...effect the fact-finding procedure, if Tru-  
...man does get it through, will have on  
...future labor disputes. It was obviously  
...of no use in the current crisis and no  
...real reason was apparent to suggest  
...that it would have greater value in the  
...months ahead. If one or the other of  
...the great contestants comes out of the  
...present inbroglio sufficiently chastened  
...to submit to the recommendations of  
...fact-finders, a large degree of labor peace  
...is assured anyway.

But in the bitter propaganda and  
...counterpropaganda exchange of the mo-  
...ment, the point of the Truman strategy  
...became almost academic. Each side  
...vied for public support and at the first  
...count of noses the steelmasters were  
...pondering an editorial in the intransi-  
...gently anti-New Deal New York Daily  
...News, the country's top-circulation  
...newspaper which said "Fairless made a  
...big mistake," and ended by warning the  
...president of U. S. Steel that he "can't  
...buck the President of the U. S., a power-  
...ful nationwide union, and majority  
...public opinion all put together."



and appraising reader of history, Mur-  
...ray is aware that sometimes conserva-  
...tive-minded leaders have started  
...movements which arrived at goals  
...never contemplated at the outset.  
...He counts, however, on the manifest  
...loyalty of his followers to keep that  
...from happening to the C.I.O.

## Illusory Balance

Truman budget narrows  
the gap between federal income  
and expenditure, and forecasts  
future costs of government.

With one eye on a restive Congress  
and the other on the 1948 elections,  
President Truman has presented the  
country with the closest thing to a bal-  
anced budget that it has seen for 17  
years, even though the balance is an  
optical and statistical illusion.

For the fiscal year 1947, which begins  
next July 1, Truman estimates federal  
expenditures at \$35,860,000,000, a little  
better than half the budget for fiscal  
1946, and not much more than one-  
third of 1945's \$100,031,000,000 war-  
time record.

Revenues for fiscal 1947 are figured  
at \$31,512,000,000. In the current fiscal  
year, they are running about \$38,609,-  
000,000, and in 1945 they were \$46,-  
457,000,000.

• **Lower Deficit**—This leaves an excess  
of expenditures over receipts in the  
coming year of about \$4,300,000,000.  
While \$4 billion is a thumping deficit  
by prewar standards—the Roosevelt Ad-  
ministration, for instance, went only  
\$1,450,000,000 into the red in fiscal  
1938—it looks like small change in com-  
parison with the \$53,948,000,000 fed-  
eral deficit of 1945.

Truman concludes happily that the  
1946 deficit can be paid out of the  
Treasury's cash balance, now bloated to  
\$26 billion by the proceeds of the recent  
Victory Loan. In addition, the cash  
balance will provide money to retire  
some \$4 billion worth of government  
bonds, cutting the outstanding public  
debt from \$275 billion to \$271 billion  
by July 1, 1947.

• **Nearer Peace Basis**—The halt in fed-  
eral borrowing and the retirement of  
outstanding debt are statistical illusions,  
attributable to the fact that the Treas-  
ury will start fiscal 1947 with plenty of  
borrowed money on hand. But they  
highlight the fact that the federal budget  
is rapidly shaking down to a more or  
less permanent postwar basis.

Truman's breakdown of expenditures  
in terms of purpose looks like this (in  
billions of dollars):

	1947	1946
Defense, war, war liquidation	15.0	49.0
Aftermath of war	10.8	10.8
International finance	2.8	2.6
Other activities	5.8	4.6
Proposed legislation	1.5	0.3

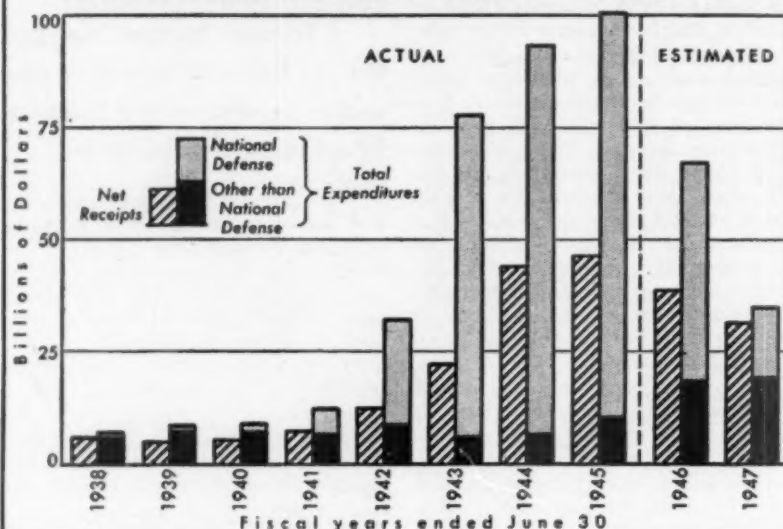
• **Future Decreases Dubious**—Although  
Truman has allowed himself no more  
than the usual amount of figure-twist-

## RADICAL CONSERVATIVE

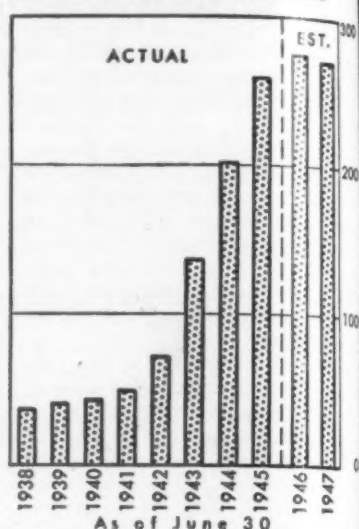
Philip Murray, president of the  
C.I.O., president of the United Steel-  
workers of America (the official ab-  
breviation of which is U. S. A.), and  
member-in-good-standing of the  
Knights of Columbus, has never both-  
ered to change his own listing of him-  
self as a Republican in Who's Who.  
But as leader of the largest strike  
any this nation has ever seen, Mur-  
ray has been perhaps most objectively  
described as a radical-conservative.

The term, hyphenating a contradic-  
tion, means simply that he is pre-  
pared to use standard, radical tactics  
such as the national strike—to  
achieve essentially conservative trade  
union goals. Murray has no sympathy,  
for example, with Walter Reuther's  
demands in the General Motors strike  
for a look at the company's books  
and a voice in the company's pricing  
policies. His only basic interest is  
having his union get more money for  
the steelworkers. To do that, however,  
he is prepared to go to lengths that  
might daunt a more revolutionary-  
minded labor leader. An interested

# BUDGET APPROACHES POSTWAR SIZE...



# AND DEBT STABILIZES



ing, this breakdown gives a deceptive impression of the amount by which future budgets will shrink. Only about half of the \$15 billion earmarked for war and war liquidation will be allocable to the war just ended. The remainder will be used for maintenance, pay and subsistence, and other expenses of a standing army and navy.

Similarly, the amount that is ticketed for the aftermath of the war contains \$5 billion for interest payments on the debt, \$4,208,000,000 for veterans, and \$1,585,000,000 for tax refunds. Interest payments and veterans' benefits are likely to be pretty irreducible over the short pull. Of the tax refunds, about \$800 million represents overcollection under the withholding system, and a similar item is likely to crop up in every budget from now on.

• **Normal Level Seen**—In future budgets the amounts required for "other activities"—meaning principally the everyday functions of the government—probably will continue the rise already begun. Taking one thing with another, Truman figures that expenditures will shake down (probably in 1948) to a permanent level of about \$25 billion a year.

To service these requirements, the country now has a tax system that will yield (Truman's estimates) about \$27 billion a year in prosperous times, and about \$30 billion under maximum employment and production. This leaves scant room for tax reduction if Congress and the Administration really are determined to shoot for a balanced budget at any cost (BW—Jan. 5 '46, p15).

• **No Tax Reduction**—To make his show of approaching a balance, Truman had to come out flatly against any reduction in taxes before the end of fiscal 1947,

even in the wartime excises which are scheduled to expire automatically six months after the formal end of hostilities. Although he will be able to con-script some influential congressmen to fight for him, this probably is the shakiest spot in his budget program.

Revenue estimates for fiscal 1947 are based on the assumption that national income will be running a little below the full employment level, but Truman is counting on getting about \$2 billion extra from sales of government-owned surpluses. In the first half of the year (the last half of 1946), collections on the corporate tax also will tend to run higher than the average because corporations still will be making payments on their 1945 tax bills.

• **Source Breakdown**—If things work out according to schedule, the breakdown of revenues by source, during fiscal 1947, will compare with past years something like this (billions of dollars):

	1947	1946	1945	1939
Individuals . . .	12.9	15.8	19.8	1.4
Corporations . .	8.2	12.4	16.4	1.3
Excises . . . . .	6.3	6.3	5.9	1.8
All other . . . . .	5.5	5.2	5.6	1.2
<b>Total . . . . .</b>	<b>32.9</b>	<b>39.7</b>	<b>47.7</b>	<b>5.7</b>
Deduct social security . . . .	1.4	1.1	1.2	0.5
<b>Net receipts</b>	<b>31.5</b>	<b>38.6</b>	<b>46.5</b>	<b>5.2</b>

In addition to his stand on taxes, Truman had a disagreeable—though not at all unexpected—pill to give banks and other investors that have been clamoring for a higher interest rate on government securities. The Administration, he said, would stick to the policy of low rates and short maturities for a large part of the outstanding debt.

## New Car Makers

Motor circles buzz over reports that one big money group will make Tucker Torpedo, the other will use Darrin design.

Automotive circles, with never a moment these days, are now buzzing over reports—or rumors—that two dark-horse contenders are planning manufacture cars.

Report No. 1 has it that West Coast interests with big money have formed a syndicate that is now negotiating with the Reconstruction Finance Corp., Washington for the huge Dodge Chicago plant, in which Chrysler built bomber engines during the war.

This plant, the story goes, is wanted for the manufacture of the Tucker Torpedo, a car of radical design evolved by Preston Tucker, Ypsilanti (Mich.) engineer, and aimed at the \$1,000 low price market.

Report No. 2 has it that a small car designed on the West Coast by Howard Darrin will be manufactured with Le-man Bros. backing for distribution through Allied Stores Corp.'s 70-odd tail outlets. Higher-ups in Le-man Bros. and in Allied Stores won't talk.

The Darrin car is reported to have been roadtested, and though small, to be not at all like the Bobbi Kar (BW—Jan. 12 '45, p24).

• **Tucker Techniques**—Word of the dickering for the Dodge Chicago plant immediately filled the automotive circles with purported technical details of the Tucker Torpedo. A rear-engined car,



been described as a super-streamlined job, having—Cyclops-like—a single lamp.

While some features of a car designed by Tucker a few months ago are reminiscent of the Cord, which he had hand in designing some years ago, most of its aspects are entirely new to the world.

The powerplant envisaged is a sealed unit, with glycol-type cooling liquid used in for the life of the engine block, transmission, driveshaft, and differential are reported to have been eliminated.

**Powerplant Versions**—Still in a secret stage, the powerplant reportedly calls for tremendous output per cylinder, equivalent to aircraft engine performance.

One story is that a two-cylinder unit could produce upward of 100 hp.

Another story is that the powerplant will be an hydraulic mechanism with a central pump which furnishes power to all subsidiary engines at each wheel. It is rather reliably reported that Victor, Inc., big Detroit maker of hydraulic machinery, has been working on such powerplants for many years.)

**Big Plant**—The Dodge Chicago plant that is under discussion comprises a number of buildings with greater total floor space than Willow Run. Presumably a syndicate launching a new car would not want all of it.

Of interest in connection with the report concerning the Darrin car and Alford Stores was the announcement by Crosley Motors, Inc., that the Crosley car, which before the war was distributed through Macy's and other department stores, will now be marketed through dealerships as well as the stores (W—Jan.19'46,p21).

## Birth of an Auto

Kaiser-Frazer cars begin life at the Waldorf in a blaze of glory and public relations, and milling throng is impressed.

The good old days are back again. In a jubilant atmosphere combining a Billy Sunday evangelistic meeting, a world's series, a political convention, and a Tommy Manville wedding party, the new automobiles of the Kaiser-Frazer Corp. were launched last week end on a floodtide of prime aged Scotch littered with Corona-Corona cigar butts.

Gala celebrations are commonplace in New York. But the debut of the new Kaiser and Frazer cars, dubbed the first 1947 model cars, reached an ex-

citement level reminiscent, not of pre-war, but of pre-1929.

• **Joe Frazer's Heart**—"Out in the next room," said Henry W. Kaiser in an emotion-choked voice to the advance guard assembled in the Waldorf Astoria's glittering Jade Room, "you will see the heart of Joe Frazer. And if you ask what I contributed—I can say that my soul is there, too."

That was the theme. The counterpoint filled it in.

"Can you sell these cars?" Frazer asked a newly appointed dealer.

"All you can give me, Mr. Frazer. When can I have them?"

"Soon, soon. And we'll give you all you want."

Detroit newsmen, remembering today's near-empty expanses of the great Willow Run plant where the cars will be built, wondered how elastic were those words, "Soon, soon."

• **Crowd Reacts**—But their wonderings were shortly submerged in the greater wonder at the crowd's reaction. The snatches of conversation were all uniform . . . "Beautiful cars" . . . "Where can I get one?" . . . "The stock will sell at 300, you'll see." Investment bankers were as impressed as plain citizens who obviously were making first visits to the Waldorf.

Enthusiasm reached its bubbling climax at a dinner at the Hotel Roosevelt for 800 dealers, picked from 12,000 applicants, whom Kaiser greeted with "Hello, partners." The guests whistled, banged, rattled, and roared a favorite-son ovation when Kaiser confided that he was "where he liked to be—way out on a limb".

• **Out to Produce**—"We're out to produce 13,000,000 cars. If we don't, we'll get darn near it," he added. "We're out



The debut of two new hopefuls—the Kaiser and Frazer automobiles—constituted a spectacle unmatched since the Roaring Twenties. Glamor and gladhanding key-noted a long-to-be-remembered preview party (left) with

Henry Kaiser and Joseph Frazer (bald heads, left to right) doing a selling job on the press before opening their exhibit (right) to the public. And if jams (above) mean anything, the buying public didn't need any selling.



## ROUGH RIDES FOR SMOOTH PERFORMANCE

To prove that there are new cars and that they can take the punishment of prewar models, Ford releases a picture of its 1946 offerings splashing (left) through the water trough on the Rouge plant obstacle course. Not looking for engine trouble but for squeaks, a test driver goes under the hood (right) after a few trips over the cobblestone path to shake loose any possible defects, reports them to production and engineering staffs for correction.

to service the nation; the whole world." "Attaboy, Henry!" approved his dealers. "Give 'em hell."

The cars were definitely attractive. Even their isolation behind plush ropes, which might have made some spectators wonder whether their inner mechanism was complete, did not detract from the quality impression they conveyed.

The excitement of the occasion was kindled by the greatest publicity bonfire yet set by the public relations firm handling the Kaiser-Frazer account, Carl Byoir & Associates.

• **By Train and Plane**—From Detroit, the Byoir people brought a contingent of automotive writers by overnight train. From the West Coast, they flew in newsmen from Kaiser plant cities, an entourage spiced by movie starlets and other celebrities.

The writing visitors were handed bottles of excellent liquor as they started on their way. They were dizzied Saturday by a crowded cocktail party in the too-small suite of O. B. Motter, public relations vice-president of Kaiser-Frazer, dinner at Cafe Society Uptown, and later wanderings as they desired.

• **Recollections**—Sunday came the press luncheon, the showing, then the trips back home, tinged with memories of a lavish week end. Though for some it was almost a lost week end, they remembered Henry Kaiser, Jr., trying to pry a way through the Saturday cocktail crowd to convince his father it was time to dress for evening dinner. They remembered the models pinning a gar-

denia on Joe Frazer, coyly pretending to want his personal telephone number, and Carl Byoir, standing inconspicuously in the background, watching the fruits of his promotional enterprise, modestly disclaiming credit for a "natural story" which won headlines from coast to coast.

• **Thoroughly Invited**—More than chance, however, lay behind the Sunday preview crowd. One large auto company executive received an invitation at his office. Arriving home he found another. His wife got a third, and a fourth was addressed to "Mr. and Mrs." There was obviously a good-sized printing bill alone.

One guess was that the week end, start to finish, cost Kaiser-Frazer \$100,000. Another, a more modest \$25,000, was probably closer to the fact—a dirt-cheap investment for the newspaper space and the strength of Kaiser-Frazer stock in the declining market of the next day.

• **It Was Big**—Did 6,000 see the Waldorf show Sunday? Or was it 60,000? Ciphers were being added joyously to the estimates of the crowd. One thing was agreed—it was big.

After the shoutings and the murmurs died down, three questions remained riddles. When will the first production models appear? How much will they cost? How will they perform?

There were no answers. But the exhibitions of the emotional determination of Henry Kaiser and the calculating planning of Joe Frazer were more effective than any set of facts.

There was nothing theoretical about the New York crowds, which returned next day and the next, continuing to overrun the Waldorf with a single purpose—not to argue, or reason why, but to buy cars.

Kaiser-Frazer is in the automobile business—a contender whose initiative drive, and freedom from repressions make the others step lively.

## Auto Plants Try

Output, now about 30,000 units a week, expected to rise as materials situation improves. Glass settlement is big help.

While the General Motors strike continues, the auto industry will inevitably remain far below its normal production level for this time of year which is about 100,000 vehicles a week. However, settlement of the plate glass strike (page 92) removes one of the most important threats to companies that are now producing motor cars.

Except for glass, the general supply situation in the auto industry has been improving by the week. Of current output, around 30,000 cars and trucks a week, Ford Motor Co. has produced the biggest share. But Ford was definitely cramped so long as the glass tie-up continued.

• **Toward Better Rates**—Chrysler Corp. drawing on supplies of glass received before strikes closed Libbey-Owens-Ford Glass Co. and Pittsburgh Plate Glass Co., has moved steadily toward better rates of output until last week. This week it was decided to close body and assembly divisions of Chrysler and Hudson because glass stocks had been exhausted. Assembly of Dodge passenger cars stopped last week end.

Settlement of the glass strike comes none too soon for the independents Studebaker, Packard, Hudson, and Willys-Overland are currently in production, though running low on glass. Nash had already exhausted its supply. Hudson shipped many cars with cardboard used where windows and windshield shields were to be installed later by the dealers.

The situation, however, will not correct itself immediately.

• **Time Required**—About a month will be required before supplies of glass begin to flow in any quantity to the auto companies, due to the necessity of slowly reheating furnaces to pouring temperature and then running long flows of glass before required uniformity is achieved.

Meanwhile, the slow automobile ship-

ats at factories are piling up demand the field, according to reports from retail sales agencies.

**Prospects**—Should the General Motors strike end within the next several weeks, and should no other major tie-ups occur, output of well over 100,000 cars a week could be expected by late January. G.M.'s normal share would be 45,000 cars and trucks a week. Despite the call for cars, the 1946 production runs will probably be cut short at the end of June at the latest. This year's permit an early changeover for 1947 models. The first of the 1947's—again in an ideal situation without strikes interfering—will probably be seen by September.

**And Then**—Thereafter output can conceivably reach rapidly toward the pre-war high levels that have been predicted. Demand appears sufficient to justify an output of a half million cars a month by the end of this year.

Balancing the probable heavy volume toward the end of this calendar year against the slow start now being made, the anticipation might well be that more than 3,000,000 cars and trucks could be produced during 1946. A steel labor peace would increase this figure perhaps by a half million.

Because of inventories and current operating rates, the steel strike will have no immediate effect on output.

## COMMUTING PLANNED

Local air service, something new in commercial transportation, will have a start before the Civil Aeronautics Board in Philadelphia, next Tuesday. The commission to operate is being asked by the Commuting, Inc., New York, which plans to carry passengers between Manhattan and deluxe suburbs, and also to link airports within the Metropolitan area with a shuttle service.

Grumman amphibians, carrying ten to twelve passengers, would be used. A monthly commutation ticket for the 25-day run between New York City and the fields would cost approximately \$75, but it is claimed that nine hours weekly could be saved.

The air shuttle service would operate between New York proper and five outlying fields: La Guardia, Idlewild, New Rochelle, Westchester, Bendix. Land planes would be employed field-to-field but amphibians would fly between the fields and Manhattan where they would land at the East River. Three city terminals are planned—in the downtown financial district, at 23rd St., opposite Rockefeller Center (50th St.).

Other groups not connected with Air Commuting, Inc., want CAB to sanction a similar service for Chicago, Cleveland, Los Angeles.

## G.I.'s Find an Ally

**Governor of Pennsylvania is intervening in connection with veterans' effort to get permit to run cabs in Philadelphia.**

Chances of the G.I. Taxicab Assn. in its fight to wrest a franchise from the Pennsylvania Public Utility Commission over the opposition of the Yellow Cab Co. in Philadelphia (BW—Nov. 24 '45, p19) were considered to have improved this week when it became known that an investigation of the situation was imminent at the behest of Gov. Edward Martin.

Reportedly, Gov. Martin had difficulty in getting a cab, and considered that an unusual and disturbing condition.

**• A Losing Fight?**—Despite damaging testimony against Yellow's near-monopoly, by witnesses called by the group of ex-servicemen who want to enter the business, observers of PUC proceedings prior to the gubernatorial intervention were ready to bet two to one that Yellow's position would be unshaken.

Only a few months ago one of the city's few independent cab operators was refused permission to operate six cabs

instead of one. PUC held that Yellow service had not been shown to be inadequate and that competition would be ruinous to Yellow—the more or less standard basis for all such refusals in recent years. In each instance, Yellow spent thousands of dollars on high-powered legal talent.

**• How It Began**—Plans for the G.I. organization originated last August, when returning veterans had difficulty in getting cab transportation. A group of them saw an opportunity for a little free enterprise.

A project was drawn wherein 100 veterans would invest \$2,000 each for shares in a company, with no one being permitted to hold more than one share. With this capitalization, they proposed to purchase 100 cabs and five ambulances. A driver would receive 50% of his cab's gross, and the remainder would go into the treasury for insurance, repairs, and administration.

**• Sizing Up the Field**—Surveys by a C.P.A. and William Sussman, manager of the Trio Cab Co. of New York, indicated that there were at least 100 logical stands in Philadelphia where no cab service was available; also that a net profit of \$136,500 could be expected in the first year if the cabs averaged what the Yellows do—180 miles per day, 150 of them passenger miles (each vehicle making 50.2 trips daily).



## ACTIVITY INSIDE THE PICKET LINES

Mutton for overseas is moving again at Swift & Co.'s Kansas City (Kan.) plant (above) after the law had brought a measure of peace to the beleaguered factory. The independent Packinghouse Workers Union, which holds bargaining rights at this plant, voted not to join the strike, but striking C.I.O. packing house workers included the plant in their picket lines. Some independents bucked the blockade, which yielded to persuasion, brawn, and a court order. About 175 of the plant's 1,800 employees returned to their posts.



# Cobbler's Woes

**Czech government's seizure of \$500,000,000 nerve-center of Bata poses question of future for international structure.**

PRAGUE—The Batas, founders and owners of the shoe empire that bears the family name, no longer can call their soles their own.

• **Government Takes Over**—The Czechoslovakian government, as part of its program to nationalize all key industries, has taken over from family and shareholders the headquarters of one of the world's largest shoe manufacturers, lock, stock, and barrel.

Control of the gigantic manufacturing plants at Zlin, Moravia, valued at a half billion dollars, has been vested by governmental decree in a five-man management board.

The acquisition of the main plant of the gigantic Bata network of factories in 28 countries, with over 4,000 retail outlets from Prague to Shanghai, now raises the question as to what will happen to the international structure.

• **Problem Typical**—And no one would like to know the answer to that one more than Thomas Bata, Jr., 31-year-old president of the Canadian branch of the company, and titular family head.

Bata's problems arising from the shift from private to state ownership typify the riddle facing other Czech industrialists with international links.

Foreign representatives of American concerns in Europe are watching closely, because Bata developments may well set the pattern if other countries follow the Benes government lead and nationalize their industries.

• **First by Hand**—To understand what has happened to Bata, it is necessary to know the story of how the shoemaking family built up the vast worldwide manufacturing empire over two decades.

For generations the Bata family made shoes by hand in the little village of Zlin. First to turn to machine manufacture was Thomas Bata, born in 1876. In the early 1900's, he came to the U. S. to set up a factory at Lynn, Mass., where he learned the mass-production, labor-saving methods of American shoemakers.

• **Then Mass Production**—Returning to Zlin after two years, and making use of American know-how plus his own ideas, Thomas Bata began large-scale operations. Low labor costs enabled him to scale the highest tariff walls, and his business skyrocketed.

In the first few years of operation, he was turning out shoes at the rate of

8,000 pairs a day. By 1928, the daily output had risen to 55,000 pairs. Zlin had magically changed from a sleepy little village to a bustling model city of 40,000.

Zlin-trained men were sent out as foreign representatives. Companies mushroomed all over: in England, France, Holland, Poland, and scores of other countries. The enterprising shoemaker even sold the barefooted Hindus Bata shoes through 300 retail outlets—and set up four factories in India to supply them. By 1938, more than three million pairs of Zlin-made shoes were being exported to the U. S. annually.

• **Then Came Hitler**—In 1932 Thomas Bata was killed in a plane crash. His wife, Marie, and younger brother, Jan, and his son, Thomas, Jr., carried on the same rapid expansion. By 1938, the Bata company was making 50 million pairs of shoes a year in Zlin alone, in addition to the production of other Bata factories in Czechoslovakia. The Batas had become indisputably the largest single manufacturers of shoes in the world.

Then came 1939 and the Hitler domination of Czechoslovakia. Jan left by plane for the U. S. He built a factory at Belcamp, Md., on a 2,000-acre plot on the banks of the Chesapeake, bought by

Bata, significantly enough, back in 1917 when Hitler first came to power. Thomas, Jr., went to Canada to take over the reins of the Bata factory at Batavia, Ont. Mother Marie, member of the company board of directors, refused to budge from Prague.

• **Swiss Foundation**—The Nazis took over the Bata factories in Europe, operated them for their own use. The general manager of the Zlin plant, Dominik Cipera, since charged by the Czech government with collaboration, was permitted to run the Moravian works.

Outbreak of war in Europe found Bata branches, incorporated and independently owned, carrying on as best they could. A company foundation had been set up in Switzerland to serve as a controlling point for all the companies. Plunged into war work, with the competitive factor at a minimum, the foreign factories were not immediately faced with the problems arising from



Young Thomas J. Bata (right), president of the Bata shoe empire's Canadian branch and titular head of the family, has a tough problem: to mesh the workings of the huge international Bata interests now that the Czech government has moved in on company headquarters in Zlin (below). The home plant is either losing \$500,000 a week or gaining \$69,302 a month—depending on who tells it.





Improvement in Fire Escapes, U. S. Pat. No. 221,855  
granted 1879. Patent description supplied upon request.

## In case of fire...

When the building start to blaze, you'd be well prepared with the right equipment. Just strap the "parachute" to your head, put on the special shock-absorber shoes, and take a jumping jump out the window.

That's what the inventor said. Of course, he made no sales. People know that gadgets are too likely to go wrong. So they pick a simpler system that is sure to work. In case of figure work, instead of the complicated, most dependable

system is the Comptometer Check-and-Payroll Plan. Uninvolved as "A, B, C," it can put an end forever to the perpetual filing, posting and bookkeeping that bogs your department down.

Unlike other systems, this one plan takes care of five jobs!

In a remarkably short time, you can finish the payroll and have checks to the employees. It's safer, leaves less margin for error, because it eliminates copying. And it's eco-

nomical. Requires fewer man hours. Calls for no elaborate machines.

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# NEWS!

## LOAD-LOK\* ADHESIVE ENDS SHIPPING LOSSES!

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**GLUED CARLOAD SHIPMENTS SHOW  
BREAKAGE REDUCTIONS UP TO 100%**

**H**ERE'S the shipping record proof of one industry. A seven carload liquor shipment shows: 1 car — 5 bottles broken; 1 car — 2 broken; 3 cars — none broken; 2 cars — one broken in each. A three car shipment shows: No breakage. Yet previous unglued shipments show a breakage average of 30 to 120 bottles per car. A 1700 case shipment of quart containers shows: 4 broken bottles. Previous unglued breakages ran as high as 90 bottles per car.

All of these glued-load shipments were long distance. All were properly unitized with LOAD-LOK!

LOAD-LOK is a special National adhesive. It unitizes the loading of canned goods, light bulbs, china, bottled goods and all other fragile or crushable materials — regardless of their containers. Carload and truckload shipments are unitized into floating glued loads that successfully withstand side sway and all shocks of car movements . . . and greatly reduce dunnage and bracing.

LOAD-LOK is automatically applied in two parallel strips to the bottom surface of each shipping unit . . . which is then lifted off the regular loading conveyor and glued into the unitized load. Unloading is easy, fast. The glue cost is insignificant. And the only equipment required is an inexpensive glue pan installation on your loading conveyor.



LOAD-LOK has been endorsed by leading carriers. Full details are available in a new handbook: **GLUED LOADS**. Write for your copy—NOW! Offices: 270 Madison Avenue, New York 16; 3641 So. Washtenaw Avenue, Chicago 32; 735 Battery Street, San Francisco 11, and other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto. In England: National Adhesives, Ltd., Slough.

**National**  
ADHESIVES



Dunellen Plant

EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE

the cutting of the ties with Zlin up to that time, all basic machinery the worldwide subsidiaries had manufactured.

• **Jan's Troubles**—Meanwhile, in U. S., Jan ran afoul of the U. S. government. The State and Labor departments took him to task for what charged was bad faith in importing Czech technical workers than he needed to operate the Maryland plant. The U. S. District Court got after for violations of the minimum wage laws. The Justice Dept. probed his foreign trade dealings. Jan finally packed up and went to Brazil. The Bata plant, in the hands of the Swiss consular office and an American corporation, continued to function.

Tom Bata, Jr., became a naturalized British subject, joined the Canadian Army. The ever-expanding plant Batawa was completely converted to manufacture of war materials.

• **Nationalization**—When the Germans were finally driven from Czechoslovakia and American and Russian troops drew after their occupation, one of the first acts of the restored Benes government was to nationalize all major industry. President Eduard Benes did any move towards sovietization, said that over half of the economy of the country, as represented by small businesses, would remain privately owned.

Last fall, Czech government officials who refuse to have any dealings with Jan Bata, asserting that they don't like the flavor of his international business operations, invited Tom Bata to Prague to talk over the problems growing out of the government seizure of the Zlin works.

• **Unity Blocked**—Young Bata, head of a group of representatives of Western Bata, as the foreign units of the concern are now known, spent several weeks conferring with government heads.

Government officials, on record saying that every effort will be made to make financial restitution to the Bata and shareholders as soon as it is practical, wanted to work out a deal with Western Bata whereby the units of the concern together as of old.

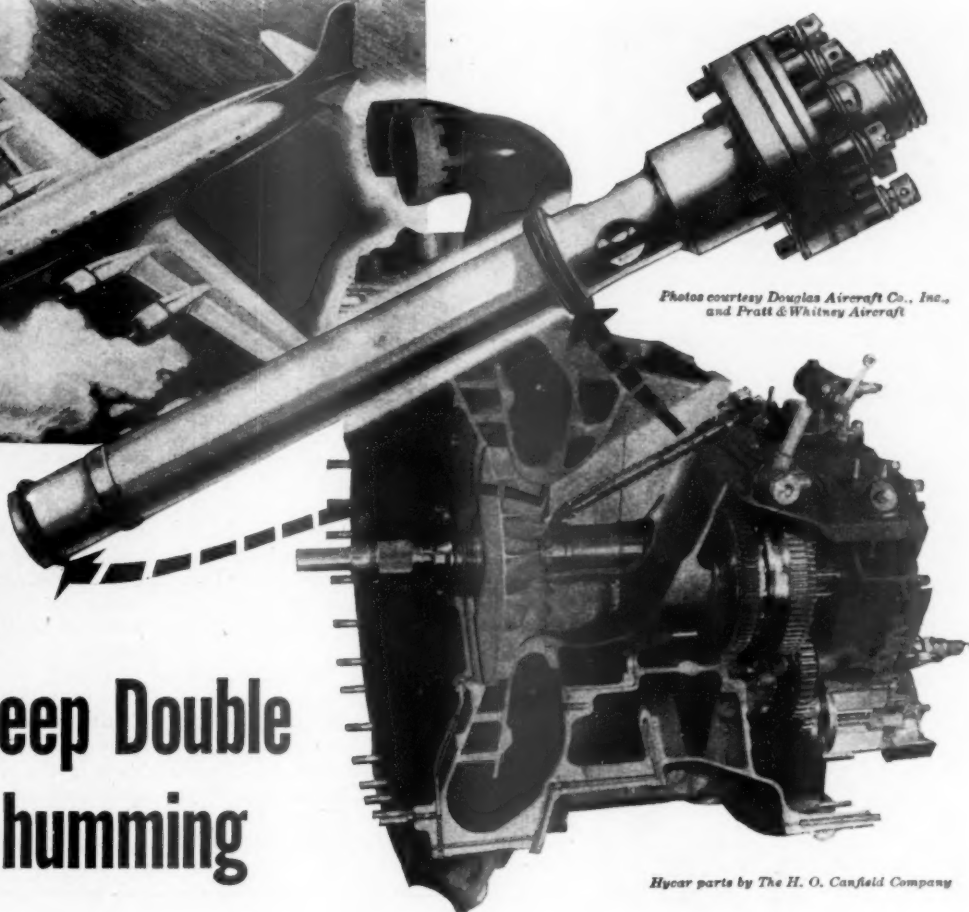
Negotiations, however, according to Tom Bata, were stymied when the government refused to change the present management of the Zlin plant. Bata's contention that the present managers are incompetent. Head of Zlin management board is 36-year-old Dr. Ivan Holy, who joined the plant in 1941 in a subordinate position. Though Czechs consider him no more and definitely not under the domination of Moscow, the fact that he is a member of the large Czech Communist Party in part accounts for the fact



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Photos courtesy Douglas Aircraft Co., Inc.,  
and Pratt & Whitney Aircraft



Hycar parts by The H. O. Canfield Company

# HYCAR

## helps keep Double Wasps humming

EVERY possible precaution is taken to prevent anything going wrong with the fuel feed valves on 2100 HP Pratt & Whitney Double Wasp engines that power the Douglas Skymaster. That's why resilient parts made from HYCAR are used in the sturdy but delicately adjusted mechanism that feeds gasoline to the recharger throat, where it is mixed with air and fed to 14 cylinders. Because they can stand even aromatic fuels; because their performance is unaffected by temperature changes; because they won't freeze metal parts; because they stay resilient seals made from HYCAR help maintain the proper gasoline-air ratio and keep the big Double Wasps humming smoothly and dependably.

These properties, plus the ones shown in the list at the right, can be had in selected combinations to meet specific service requirements. They explain why HYCAR has in less than five short years become a really important basic material in *all* industry. They tell why HYCAR will continue to be used for grommets and seals, hydraulic and gasoline hose, vibration dampeners and suspensions, and in hundreds of other applications where long life and complete dependability are essential. *Ask your supplier* for parts made from HYCAR. You'll learn it's wise to use HYCAR for long-time, dependable performance. HYCAR synthetic rubber is manufactured by B. F. Goodrich Chemical Company, Dept. HA-1, Rose Building, Cleveland 15, Ohio.

### CHECK THESE SUPERIOR FEATURES OF HYCAR

1. EXTREME OIL RESISTANCE — insuring dimensional stability of parts.
2. HIGH TEMPERATURE RESISTANCE—up to 250° F. dry heat; up to 300° F. hot oil.
3. ABRASION RESISTANCE—50% greater than natural rubber.
4. MINIMUM COLD FLOW—even at elevated temperatures.
5. LOW TEMPERATURE FLEXIBILITY—down to -65° F.
6. LIGHT WEIGHT—15% to 25% lighter than many other synthetic rubbers.
7. AGE RESISTANCE—exceptionally resistant to checking or cracking from oxidation.
8. HARDNESS RANGE—compounds can be varied from extremely soft to bone hard.
9. NON-ADHERENT TO METAL—compounds will not adhere to metals even after prolonged contact under pressure. (Metal adhesions can be readily obtained when desired.)

# Hycar

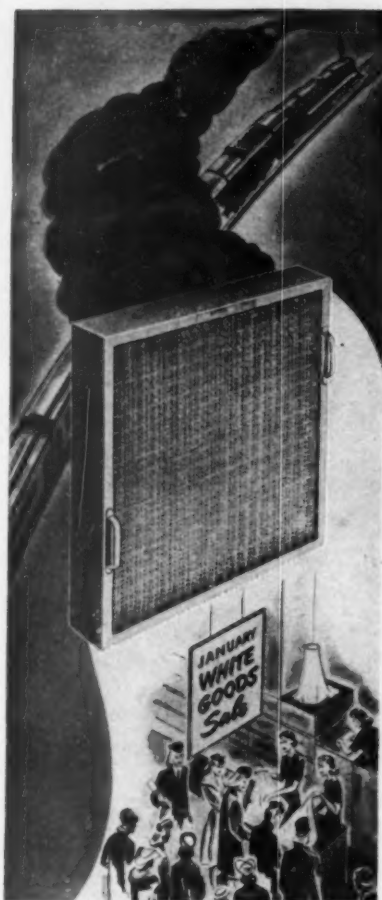
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No matter what you sell . . . merchandise, textiles or food . . . Air-Maze engineers have found that there's a special way to protect it from its airborne enemies, dust, soot and grit. "Engineered air filtration" is the result of solving over 3,000 air cleaning problems—each different, each requiring special filtration to do a specific job. Take advantage of this Air-Maze experience. Write to us about your problem. No obligation.

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# AIR-MAZE

ENGINEERED AIR FILTRATION

## The Browders Venture Into Capitalism

The brotherhood of capitalistic enterprise gave astonished welcome last week to Earl Browder, America's most famous Communist. It was revealed that Comrade Browder with his brother William, also a comrade, had opened an office on the fringe of New York's garment district to publish a trade publication called the Distributor's Guide.

• **To Serve Retailers**—The brothers Browder declined to discuss their venture in capitalism. Most complete description of the project was published in the anti-Communist labor paper, the New Leader. It said that the Browders would edit the Guide, which is to be a service for department stores and other retail outlets. Agents will scour the wholesale district for merchandise to be listed in the Guide, along with price and quantity.

This shock hit the Communist community before it had recovered from the desertion of Louis Budenz. Budenz resigned as managing editor of the official communist newspaper, the Daily Worker, to accept a teaching job at Notre Dame University. His shift was illuminated by a blast

at Communist theories and a renewal of faith in the Catholic Church. The Daily Worker had no comment on Browder's defection.

Browder's business offices do not fit the descriptions of luxurious quarters broadcast by his enemies. He has two small rooms on the inner court of a modern office building and the furnishings consist of the bare necessities.

• **Too Cooperative**—Earl Browder became national secretary of the Communist Party in 1930. When the organization's name was changed to Communist Political Assn. in 1944 he was elected chairman. Many comrades, while admitting the success of the organization under Browder, felt that he had acquired a hankering for the capitalistic fleshpots. In May, 1945, he was deposed and his place was taken by William Z. Foster, an orthodox fighting re-

William Browder ran for the U.S. Senate from Illinois on the 1952 Communist ticket. He has held many posts in the party, including that of president and general manager of the Daily Worker. Earl and William still are party members.

representatives of Western Bata claim that Dr. Holy's main objective seems to be ultimate usurpation of control of the Western organization as well.

• **Profit Disputed**—Meanwhile, the Zlin plant, much of its bomb damage repaired, is back in operation. Western Bata men say it is losing at the rate of \$500,000 a week. Prague officials, admitting that the factories showed operational losses at first, now say they are showing a profit of 3,465,100 crowns (\$69,302) a month.

The nationalization decree provides that shareholders be compensated to the value of the business as of the date of taking over. Western Bata is asking for its compensation in freely negotiable currency. No interim payments have been offered, and the government commission has not appraised the property as yet, or indicated how restitution will be worked out. Marie Bata is still on the Czech scene, but no longer has any say in the management of the multi-million dollar corporation which her husband founded.

• **Western Independence**—Tom Bata, fighting to keep the gigantic company together, proposed during his Prague visit that Western Bata be allowed to become the foreign sales and procure-

ment organization for the Zlin plant provided the Czech management changed. The government refused, saying that his demands were too allusive, and that the Czech Bata plant under such an arrangement, would be relegated to a minor role in the worldwide structure.

Although the door hasn't been closed on negotiations, and other talks will follow, Tom Bata has taken the stand that the wartime operations have made the individual foreign company self sufficient, so that there is no longer need for dependence on the one nerve-center at Zlin. The combined plants of Western Bata produce about the same quantity of shoes and other goods as the mother factories.

• **Cooperation Forecast**—Just what ultimately happen to the entire setup is conjectural, but here in Prague it is the off-the-record belief that state-owned and privately owned halves of the business will work out some arrangement because of, if for no other reason, sheer necessity.

Despite the autonomous status of different plants, they are closely linked. Practically all the machinery in foreign plants came from Zlin as did the key personnel. The Czech factories

ended on the other foreign plants raw materials, and the foreign out- depended on Zlin for shoes.

**Machine Supply**—Meanwhile, young as shrewd as his father before, does not intend to get caught napping in case satisfactory arrangements cannot be worked out with the Czech government. Already his Canadian plant beginning to manufacture special production equipment of the type previously supplied exclusively from India. One of the factories in India also started similar production, and a British plant will soon begin making machines.

There the matter stands today, posing through a problem as any ever faced by international corporation.

## Inch in Wheat

**Additional exports to help Europe bring new limits on grain for distillers. Flour millers may be cut back, too.**

Restrictions on the use of grain, that distillers, millers, feed mixers, and porters, are being imposed by Secretary of Agriculture Clinton P. Anderson to prevent a breakdown in the government program to export 6,000,000 bushels of wheat and flour to Europe through next June 30.

**Stepped-Up Quota**—These exports are the equivalent of 225,000,000 bu. of wheat, contrasted with 170,000,000 bu. exported from last July through December. Exports during the war were practically nil, beyond the quantities for military use.

The stepped-up 1946 schedule has been set by an interagency committee for export transportation appointed by conversion Director John W. Snyder to help feed a famished Europe.

**Output Cut Likely**—Initial action by Anderson this week was an order prohibiting distillers from using milling grades of wheat in the production of beverage spirits. February allowances to distillers include only low-grade wheat and corn, a limited quantity of rye, and "other" grain—principally grain sorghums.

The distillers may use these grains to the extent of 7½ full days' mashing capacity. The January allowance was 10 days. The joker is that distillers can't be able to find enough of the permitted grains to run even at the reduced level.

**Inventory Limits**—Flour millers may be affected by the government export program through limitations on inventories of both wheat and flour. This

would prevent millers from accumulating large lines of wheat in forward position, and also from stockpiling flour against the time that the government flour subsidies are terminated. The subsidies are scheduled to end not later than June 30.

After that when the flour ceilings are raised, the government may be expected (as it did with butter last fall) to prevent windfall profits by recovering the subsidies on flour stocks of flour.

**Want Exports Halted**—Southwest millers, operating above wartime volume, complain that they are unable to buy wheat for future needs. They say that the export program has forced them to buy wheat in distant locations.

In December, the Commodity Credit Corp. sold the millers 5,000,000 bu. from its depleted stocks of wheat. Now there's strong sentiment among millers for stopping the wheat export program until more information is available on remaining supplies of wheat in all positions in the country. Commercial exporters have been authorized to ship 25,000,000 bu. in January and February. Shipments have lagged, for the same reason—principally interior transportation difficulties—that government export shipments are behind schedule.

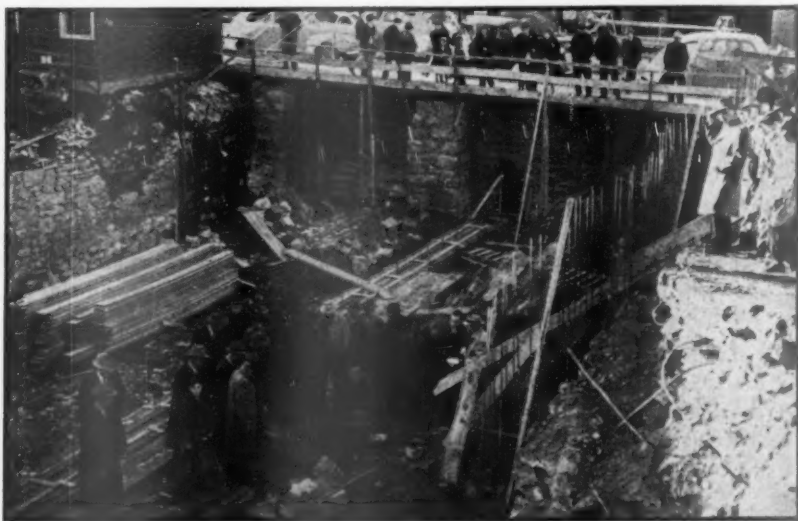
Action on commercial exports may be a tighter control to channel all purchases and shipments through CCC. Following a hurried week-end meeting in Chicago, the Millers National Fed-

eration executive committee urged that no wheat be sold for export except that obtained from CCC for that purpose.

**• Millers' Suggestions**—In the hope possibly of forestalling more stringent action by the Dept. of Agriculture, the millers also recommended: (1) that all wheat, except No. 4 or lower grade, not already owned or under contract to mills, or under contract for export, shall be offered first to flour mills and second to CCC; (2) that no flour mill be eligible to purchase wheat from any source if its supply on hand and under contract is in excess of an amount of the types and qualities required for grinding for 60 days. An exception is made for purchases direct from producers so as not to interfere with producers' sales of wheat to country elevators operated by flour mills.

Action to bring about an increase in the marketing of wheat now held by producers also was urged. It was recommended that CCC call wheat loans as of Mar. 1, or earlier if practical, and that the Dept. of Agriculture urge producers to market their holdings. It was also recommended that the use of wheat for alcohol be limited to the greatest extent possible.

Millers challenge the government's wheat supply estimates as being too high, and its disappearance forecasts as too low. They say that the government's estimated 200,000,000-bu. requirement for livestock feeding this sea-



## THE GOOD EARTH: PAY DIRT OR REAL ESTATE?

A hundred years ago when a man struck gold it would have meant a gold rush. Recently, a placer miner (above) panned out the precious metal in an excavation for a new building in Helena, Mont. He estimated the yield at \$1.75 a yard—better than average. Nevertheless, Mayor John Haytin and town-folk aren't expecting any gold rush because they're agreed that in these days of booming values Helena real estate is worth more than the gold under it.





Whiting Crane used in assembly

In the materials yard

In a pipe foundry

## When American Industry Gave the World A LESSON IN PRODUCTION

The enemy was convinced we never could overtake its head start in war production. But we did—with a combination of determination, ingenuity, and hard work.

American industry gave the world a lesson—and in doing so our production men learned many valuable lessons themselves. They learned, among other things, that where heavy materials must be moved Whiting Cranes save time, money, and manpower. Because Whiting Cranes transport loads with minimum power consumption . . . spot the loads quickly and accurately . . . and improve working conditions by reducing noise and confusion.

Let Whiting engineers study your plant conditions and recommend exactly the crane you need for greatest convenience and lowest materials-handling cost. Whiting Corporation, 15661 Lathrop Avenue, Harvey, Illinois.

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# WHITING

Overhead  
Traveling

# CRANES

son is too low by 100,000,000 bu.  
• **Smaller Carryover**—The government wheat supply estimate for 1945-46 is 1,414,000,000 bu., including the 1944 record crop, carryover, and exports. It appears through next June has been projected at 540,000,000 bu. for the 82,000,000 bu. for seed, 25,000,000 bu. for alcohol, 200,000,000 bu. for feed, and 350,000,000 to 400,000,000 bu. for export as wheat and flour.

On this reckoning, the remainder carryover next July would be 167,000,000 to 217,000,000 bu.—the smallest carryover since 1937. Meanwhile, the Crop Reporting Board has estimated this year's winter wheat for harvest next summer at 750,000,000 bu., with the prospect that winter and spring wheat combined will total at least 1,000,000,000 bu.

• **Less for Mixed Feed**—Some limitations also may be put on the quantity of wheat the feed manufacturers may be allowed to use in mixed livestock feeds. Increasing quantities of wheat are being used in mixed feed because of a tight supply situation on feed grains.

Limitations on the use of wheat in mixed feeds would be an extension of orders issued last week limiting feed manufacturers to the same quantity of protein meal they used last year in mixing feed for livestock and reducing the quantities used in poultry feed (B—Jan. 19'46, p40).

Processors of soybean, cottonseed, linseed, and peanut oils also have been ordered to set aside 5% of their meal for distribution by the D. of A.

• **Market Stays Tight**—The primary purpose of these feed orders is to force a reduction in poultry flocks and make a larger supply of protein feed available for other livestock.

The department had expected the farmers would market wheat more freely after Jan. 1, but relatively little movement has shown up. Farm stocks on Jan. 1 totaled 369,000,000 bu., against 390,000,000 bu. on the same date last year. Stocks in other positions also are below last year's.

## DDT USED ON TREE PEST

The "miracle" insecticide, DDT, being used with a high degree of success in combating the looper worm, a small parasite which has threatened timber areas in the Pacific Northwest.

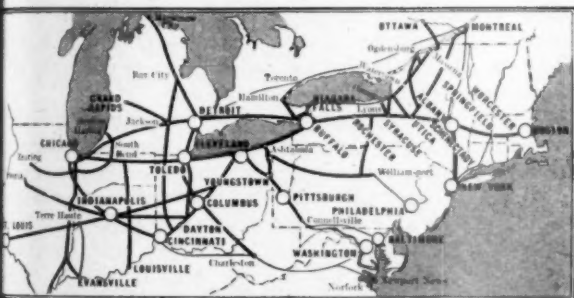
Among the trees saved, according to a report from the Geigy Co., manufacturers of DDT insecticides, is a huge fir in Oregon which is said to be the largest tree and the oldest living thing in the Northwest. Known simply as The Tree, it is approximately 1,000 years old, has a diameter of 15½ ft.

## LAST WORD IN LOCOMOTIVES!

Central's giant new 6,000 horsepower "Niagara" Type Locomotives for fast freight and passenger service.

# "NIAGARAS" of New Power

## to serve your "CENTRAL LOCATION"



### Ask about plant sites on New York Central

The Industrial Representatives listed below have a catalogue of government-owned industrial plants in this area. They are also prepared to carry out surveys to find special advantages you may need. Let them help you find the right spot for your plant or warehouse . . . a location that will be "central" in every sense!

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CLEVELAND . Union Terminal . A. J. CROOKSHANK  
DETROIT . . Central Terminal . . A. B. JOHNSON  
PITTSBURGH . P. & L. E. Terminal . P. J. SCHWEIBINZ  
NEW YORK . . 466 Lexington Ave. . W. R. DALLOW

In other cities, contact our nearest Freight Agent.

# NEW YORK CENTRAL

The Water Level Route



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# THE FAILURE OF "FACT-FINDING"

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The President has asked Congress to grant him authority to appoint fact-finding boards to deal with nationally important labor disputes. Most citizens would like to see some reasonable and objective solution of the industrial strife that now is disrupting reconversion. Unfortunately, the record of the "fact-finding" procedure indicates that any claim of impartiality for this process is a gross misrepresentation.

The Administration bill would authorize the President to appoint such boards in cases certified to him by the Secretary of Labor. Each board would report to the President "its findings of fact and such recommendations concerning the dispute as the board deems appropriate." Its facilities and staff would be provided by the Secretary of Labor. The bill provides for an interval of not more than 30 days known as a waiting or "cooling off" period during which it would be "unlawful" (though no penalties are specified) for anyone to promote or encourage work stoppages.

Because the Administration did not wait for Congressional action upon its proposal, but appointed a number of fact-finding bodies to deal with current emergency cases, we have been afforded at least a partial preview of how the procedure may be expected to work out if laws establishing it are passed.

If the reports handed down by the fact-finding panels in the General Motors and oil disputes may be regarded as representative, it can be stated conclusively that Government-appointed "fact-finding" boards will concern themselves to only a minor degree with the establishing of facts. A far greater share of their effort will be concerned with the speculative business of forecasting future output and production efficiency and appraising the "ability to pay" of the companies involved. But the predominant emphasis will be placed upon framing recommendations for settling the disputes in line with announced Government wage-price policy.

In short, the procedure essentially will be one of registering with the public a government opinion as to how far wages may be raised in the cases at issue without raising price ceilings. Both the General Motors and the Oil Panels stated, in quite explicit terms, that this was their conception of the job assigned them.

## "Fact-Finding" in Auto and Oil Disputes

As the General Motors Panel phrased it: "This board subscribes to, and has been guided by, the national wage-price policy"—which it summarizes as calling for wage increases to maintain take-home pay at wartime levels, to the degree possible without inflationary price rises.

The Oil Panel was even more forthright in the statement of what it was supposed to do. "In the judgment of the panel," it declared, "the earnings of the workers may be as high as is consistent with both the maintenance of the stability of the price structure and the provision for reasonable returns to the owners of industry." In other words, prices and the return to investors are to remain fixed, with labor entitled to an ever-increasing return up to the limit of what the traffic will bear.

Having thus outlined their respective conceptions of the job, each panel proceeded to carry out its mission.

The Automobile Panel recommended that General Motors increase its basic hourly wage rates by 19½ per cent, which amounts to about a 17½ per cent increase on the company's average hourly wage of \$1.12. The Oil Panel recommended an 18 per cent increase in basic hourly wage rates, or an additional 21 cents to the average wage rate of \$1.20.

The General Motors recommendation was based almost exclusively upon the Panel's calculation that a 19½ per cent raise would keep weekly take-home pay equal to the amount earned in 1944 when the work-week averaged 45.6 hours. The calculation turned on an estimate of what the effective work-week was likely to be in 1946.

The Oil Panel's recommendation appears to have been based on a more complex but no more conclusive accounting. After calculating that the maintenance of July 1945 take-home pay after 40-hour shifts were restored would require a 22 per cent increase in straight-time hourly wages, it recommended that an 18 per cent increase be made. It accounted for 9½ per cent of this by noting that this was needed to cover cost-of-living rises, and explained that the rest was justified by a combination of factors including loss of premium overtime pay, high productivity, and settlements already negotiated. Since the Panel gave no indication of the weight given to the several factors, it may not be unfair to assume that the last-named was given preponderant importance, since 18 per cent was the increase already granted in collective bargaining by Sinclair and certain other oil companies.

## Higher Pay Without Higher Prices

Both panels stated that the pay increases recommended could be met without raising price ceilings, but neither documents its case on this score with very conclusive "facts".

The Oil Panel confined its observations on this account to the statements that only one company in its group had pleaded "inability to pay" and that the industry was in a generally profitable position during 1943 and 1944.



The Automotive Panel stated that, under a number of assumptions about the 1946 operations of General Motors which it believed to be valid, the Company would have earned more than it had in 1941, its previous record year. It specifically stated that its findings in the case were not applicable outside the automobile industry, but it recognized that the General Motors settlement would more or less determine the settlements of other automobile companies. It stated that it had not been able to come to a clear conviction as to the ability of other automobile companies to pay similar wage advances, but it dismissed the case by observing that they could expect to operate at full capacity in 1946, and that this should provide savings to offset the increased wage expenditures.

From the management point of view, one of the most serious limitations in the panels' procedure was their failure to deal with any of the Company claims put forward. In ordinary collective bargaining the demands of one side are advanced and concessions in one direction are traded for concessions in the other. Here, although the companies involved had insisted upon their need for guarantees against contract violations and wild-cat strikes, and for other union concessions, nothing but the wage increase was considered by the "fact-finding" bodies. The General Motors Panel specifically recommended that the wage increase of 19½ cents be granted, but that otherwise the status quo prevailing before the strike be restored by reinstatement of the 1945 contract between the parties. Handled thus, fact-finding becomes indeed a wholly one-sided exercise.

Both panels accepted, quite uncritically, the general position taken by Government spokesmen that wage increases are inflationary only if they are directly translated into price advances. It should be obvious that all wage increases add to the inflationary pressure, if made at a time like the present when consumer purchasing power far outstrips the volume of goods and services available to satisfy it.

#### "Fact-Finding" Dodged in Steel and Rails

It is ironic, too, that even while the Automotive and Steel Panel groups were holding the "government policy" line, the President and his Reconversion and Stabilization Board were busily at work trying to dent it. In the steel dispute, although price rises in this industry have a particularly sharp inter-industry impact, hearings by the fact-finding board were deferred while negotiations were carried forward by the President and his advisors under which the industry was offered a price increase of approximately \$4.00 a ton on condition that U. S. Steel and the United Steelworkers agree upon a mutually acceptable wage boost. It is hard to avoid the cynical conclusion that wage increases constitute the major administration policy, and that the principle of not translating them into increased prices is sacred only in those cases where there can be some reasonably plausible showing that wages may be raised without price advances.

Much the same general conclusion — that the "facts" are controlling only if they support a substantial wage increase — is sustained by the history of the administration's handling of the Railway Labor Act of 1926, often cited as a glowing

example of how "fact-finding" by so-called Emergency Boards of Presidential appointees has served to prevent strikes on the railroads. It is true that reports of almost all of the 31 Emergency Boards appointed to look into threatened railway strikes in the 20 years since the act was passed have provided the basis for a settlement of the disputes in question. The fact — a real fact — remains, that in 1941 and again two years later the wage adjustments found appropriate by Emergency Boards in major railway labor disputes were revised upwards at the White House after the unions involved rejected them as unsatisfactory and threatened to strike. The second upward revision was made after government seizure of the railroads to prevent a national transportation tie-up. When the "facts" did not indicate a large enough wage increase to satisfy the union and the Administration, the "facts" went out the window.

It would be irresponsible to deny the importance of finding some tenable solution of current disputes that threaten to completely disrupt the reconversion process. But upon the evidence of experience, "fact-finding" boards cannot be expected to operate according to the common conception of their function — as agencies designed to sift out for the public an objective and significant weighing of the facts behind conflicting claims.

#### Without Principles Facts Mean Little

Facts, if they are assembled upon a sufficiently partisan basis, can be made to document almost any case one wishes to establish. The major difficulty in marshalling facts to resolve wage disputes is that there are no agreed-upon principles to determine the levels at which wages should be set. In the absence of such principles, it is inevitable that "fact-finding" boards, appointed by the Administration, manned largely by those who helped develop and administer Administration wage policies, and depending for technical assistance upon Administration Departments, will serve merely to implement Administration wage policy.

If Government means to reassert its wartime authority to fix wages — an objective specifically disavowed by the President and seemingly wanted by no one — it should accept the responsibility directly, rather than operate to that end through "fact-finding" boards which are independent in theory, but which cannot be so in fact.

The failure of the brand of "fact-finding" now urged upon Congress by the President is evident. Therefore, we must look for a solution along other lines.

What is needed is for labor and management to agree upon the principles that should govern the determination of wages under free collective bargaining. When such agreement is reached, then and only then, can fact-finding become an objective and useful instrument for settling wage disputes.

*James H. McGraw, Jr.*

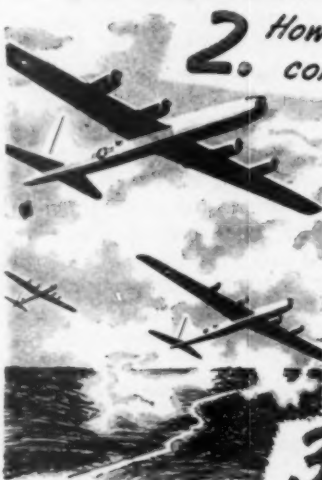
President, McGraw-Hill Publishing Co., Inc.

## CAN YOU GUESS THE ANSWERS?



1. What are the chief causes of winter driving accidents?

National Safety Council reports the two chief causes are reduced visibility and insufficient traction. For visibility check your windshield wipers, defrosters, headlights. For traction on snow, ice or mud, use WEED TIRE CHAINS, a product of ACCO's American Chain Division.



2. How many feet of cable controls in a plane?

The sinews of a plane consist of cable controls by which a pilot operates engines, rudders, ailerons and other parts of his craft. In a B-29 bomber there are more than 5,500 feet of these cable controls. Automotive and Aircraft Division is a leading manufacturer of these important products.

3. How deep are the deepest oil wells?



Men sometimes drill as deep as three miles under the earth to strike oil. Thousands of feet of wire rope are necessary to operate the drilling machinery. Operators in many oil fields prefer wire rope made by American Cable or Hazard Wire Rope Divisions.

These are only a few of the primary products made by the 15 divisions of ACCO: Chain • Wire Rope • Aircraft Cable • Fence • Welding Wire • Cutting Machines • Castings • Wire • Springs • Lawn Mowers • Bolts & Nuts • Hardness Testers • Hoists & Cranes • Valves • Pressure Gages.

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BRIDGEPORT CONNECTICUT

## One a Minute

Suckers, especially war workers, fall victim of swindler's greed. It's easy to get money for the con man now.

In his radio valedictory as retiring mayor of New York City, Fiorello La Guardia let go a final falsetto blast at his favorite enemies. Included was a newspaper which he excoriated for accepting a correspondence school advertisement deluding veterans with the prospect that they could take the New York bar exams as soon as they finished the mail-order law course.

• **Ready for the Slaughter**—The La Guardia venom was aimed at one of the milder schemes by which the swindler and his savings are separated after the first World War, con men, swindlers, and white-collar crooks are generally moving in with the battle cry of their ilk, "Never get sucker an even break."

After the last war the public was defrauded of \$400 million in Liberty Bonds alone. Now the swindler's game is inflated by over \$170 billion of plus funds accumulated during the five years. He is favored by shorts which reduce legitimate opportunity for spending, and by the mild rate of interest returned by sound investments due to the inflated value of securities.

The government makes an attempt (as in the C. I. Bill of Rights) to protect the veteran some protection. But the fattened war worker, unused to possession of government bonds and a husky bank balance, lies upon the counter with an apple in his mouth, an invitation to the carving knife.

• **National Attack**—A move to safeguard all types of savings has been started by the nation's 87 Better Business Bureaus and the National Better Business Bureau, New York (BW—Jan. 12 '46). They have enlisted chambers of commerce, other business and community groups in a campaign to prevent swindles by warnings of the danger and jailing fraudulent operators as promptly as possible.

There are about 750 basic schemes in the con man's primer, and these multiplied by numerous variations, more is the victim sold the Brooklyn Bridge. The distribution of gold bars is becoming a lost art. The 1946 swindler may employ an established pattern, but he is a master of plausibility, taking advantage of the fact that his sheep's clothing is cut as near as possible on honest business lines.

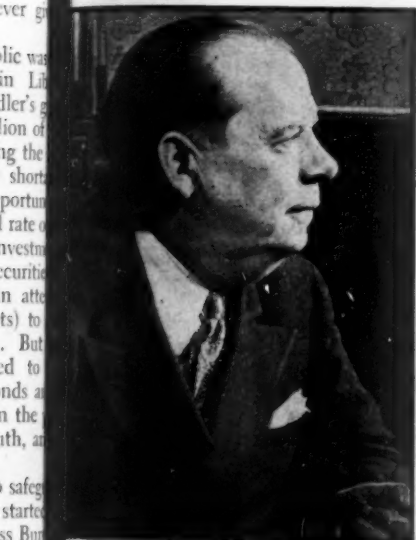
• **Glittering Offers**—Satisfying his bait the current appetite of his victims,

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andler plays on the veteran's hanker-  
ing for an undisciplined future and the  
war worker's desire for a sustained  
come. Thus the more popular pit-  
falls involve offers of glittering business  
opportunities or jobs that pay big with-  
out entailing too much work.

On the Pacific Coast two returned  
troops were lured into investing \$8,500  
in a retail store. When they examined  
the place they found it full of customers,  
the cash register rang cheerily, the  
shelves bulged with inventory. After the  
proprietor disappeared with their money  
they discovered that the store had been  
opened two months before as a trap,  
that the eager customers were shillabers  
settling on a phony show, that the in-  
ventory was empty boxes.

"Partner wanted" classified advertise-  
ments should be read with caution. Too  
often the veteran finds that he has  
sought into a business that has no  
profits, that he has signed papers mak-  
ing it impossible for him to get his  
money back, that he has laid himself



## HE ALSO SERVES

to George Edward Allen, vice-presi-  
dent of the Home Insurance Co. of  
New York and a top personality in  
the White House inner circle, goes  
the appointment as director of Recon-  
struction Finance Corp. A Missis-  
sippian by birth, the presidential ap-  
pointee formerly practiced law, was  
in the hotel business, served as com-  
missioner of the District of Columbia,  
was identified with the Emergency  
Relief Administration and WPA, and  
entered upon the big-time political  
scene as secretary of the Democratic  
National Committee in 1943-44.

# YOU SKIP TWO STEPS WITH A TODD PAYROLL SYSTEM



PAYROLL RECORDS

PAYROLL SHEET

EARNINGS STATEMENT

A Todd Payroll System cuts payroll posting time *in half*. Any clerk can post the employee's statement, the payroll sheet and the individual earnings record *all at once*. The information that 7 Government Agencies require is immediately at hand without extra work. And when the Wage and Hour Inspector calls, payroll records are always up-to-date.

There is no large investment for equipment, and the Todd Payroll System saves costly overtime. Whether your company is large or small, there's a Todd Payroll System to meet your individual requirements. It of-

fers you safety, control, and employee satisfaction—over and above record-keeping efficiency. The coupon below will bring you more details.

### CUSTOMER'S COMMENT:

■ "We have decreased the amount of time required to make up our payroll approximately 60%, eliminating a lot of the extra work that was necessary under the old procedure. We feel that we not only have saved a great deal of time, but we are also saving money...we are able to do in one operation and check in one operation work that was necessary for several people over a several day period."

Western Door & Plywood Corp.  
Portland, Oregon



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SALES OFFICES IN PRINCIPAL CITIES  
DISTRIBUTORS THROUGHOUT THE WORLD

### THE TODD CO., INC., Rochester 3, N. Y.

Please give me the facts about Todd Payroll Systems that speed quarterly reports, cut payroll posting time, increase accuracy and meet all State and Federal regulations.

Company \_\_\_\_\_

Address \_\_\_\_\_

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By \_\_\_\_\_

BW-1-26





*Flight-tested to 100 Degrees Below Zero with*



## Refrigeration

Reports on the temperature, humidity, and pressure of the air are radioed back to recording instruments on the earth by the Bendix-Friez Radiosonde, carried to heights of 16 miles or more by a balloon. These "weather" reports proved invaluable to the United Nations during the War: thousands of Radiosondes were sent aloft each month.

The Friez Instrument Division of Bendix Aviation Corp. calibrates Radiosondes in its plant at Towson, Md., with the test chamber shown below. This is cooled from +104 to -100 deg. F. in 75 minutes, the air pressure being simultaneously reduced to match flight conditions. Cooling is accurately controlled by a two-stage Frick refrigerating system using Freon-22.

The installation was designed and erected by the Paul J. Vincent Co., Frick Distributors at Baltimore.

For the solution of that particular refrigerating, ice-making, or air conditioning problem of yours, get in touch with the nearest Frick Branch or Distributor.



liable to partnership debts contracted before he took his misstep.

• **They Sell and Disappear**—What could be more appealing to the order-weary vet or the slave of the time clock than an exclusive agency for a popular household gimmick in a prosperous territory? Cosmetics, electric equipment, hosiery? Sometimes the Wallingford will sell "exclusive rights" to a number of victims, then disappear. Or he may sell the agency for a well-known article without authority from the manufacturer.

By a third variation, the agent agrees to buy a minimum amount of the merchandise each month, say \$1,000 worth. Deliveries reveal that the goods are too shoddy for sale even in these times. But the contract forces the unhappy sucker to keep on taking his monthly quota.

Investments promising fabulous returns are a natural for an era of ready cash and low percentage yield from good securities. Prime example is the flood of worthless Canadian gold mine stocks which are given credulity by descriptions of fabulous returns from legitimate mines.

• **Veterans Victimized**—Plenty of victims are left for domestic deadfalls. In San Francisco a vet was offered a salary of \$20,000 a year if he would invest \$10,000. He was also to receive 5% of gross revenues of the business in payment for his services as manager. A pet dodge is the offer of a fancy job that requires the deposit of a bond. The crook won't allow bonding by a surety company; cash must be posted, the amount being possibly \$500 to \$1,000. Money and manipulator vanish before the prey gets suspicious.

Meanest of all are the schemes which exploit the families of servicemen. The mother of a dead soldier may get a phone call asking if she had collected the insurance. She doesn't know about the insurance but she sends the caller \$25 on his promise that he will collect for her. That is the last she hears from him. Again, parents receive a call from their son's "buddy" who has a message that he must deliver in person. But his car has broken down, he has no money, if they could send \$50 to get the car fixed.

• **Point of Honor**—Again, it may be a new touch to an ancient dodge of unordered merchandise. The parents are billed for items (a fountain pen, jewelry, pictures) supposedly ordered by the boy before he was killed. Usually they pay as a point of honor. A variant of the "puff sheet" and the "mug book" is the spurious "war history." Families of servicemen are assured that the pictures and exploits of their sons will be prominently displayed—for the payment of \$200 or \$300.



## TO SWEEP UP

Lt. Gen. Edmund B. Gregory (above) who as Quartermaster General helped pile up Army materiel, has been pointed by President Truman to oversee the disposal of all surplus goods—capital, producer, and consumer. He now heads the Board of Assets Corp., set up recently with the Reconstruction Finance Co. and if the President's recommendation is carried out he'll also head the Surplus Property Administration filling a post made vacant by appointment of W. Stuart Symington as Assistant Secretary of War for Air.

There are plenty of refinements in the old game of selling vending machines at high prices regardless of income probabilities. In New Orleans a young veteran was promised a \$1 monthly profit from \$750 invested stamp vending machines. Too late discovered that most of the suitable locations had been preempted.

Also in New Orleans a veteran \$2 weekly on drawings "for a \$60 of clothes." If his number did not he was promised the suit anyhow soon as his investment reached \$1. When he had paid in that amount found the store's stock too small to

a fit; and the suits were hopelessly

**End to Rackets**—The shortages of  
ports of consumer goods have revived  
old frauds in that field. Door-to-door  
men collect deposits on electric  
nylons, or what-have-you, and  
more is heard from them.  
Household equipment is taken away for  
pricing and never returned. In San  
Francisco 8,000 appliance dealers were  
flooded with offers of alarm clocks  
for \$2.98, toasters for \$2.50, elec-  
trons for \$4. One-third cash was  
demanded with orders. After the swin-  
der had vanished, some \$25,000 was  
lost in their uncollected mail at the  
office.

The modern Wallingford knows  
what's going on in industry. Already he  
is cashing in on prefabrication publicity  
in the famine in housing. An ex-lieu-  
tenant in New Orleans agreed to pay a  
California building company \$300 down  
and \$700 monthly until he had con-  
tracted \$3,000. Then he was guaran-  
teed an exclusive territory for prefabri-  
cated homes. Later he discovered that  
the company reserved the right to keep  
\$100 "damages" if it chose to cancel  
the contract. Also that the prefab plant  
was only on paper.

**Enticing Words**—"Guaranteed" is  
the con man's favorite word. It is  
used in shady schools which pro-  
mise to teach movie scenario writing,  
electronic engineering, television tech-  
nique, and a host of less romantic pro-  
pensions. A good rule is to suspect any-  
thing which "guarantees" high-salary jobs on  
short notice.

The most alert prosecuting attorney  
better business bloodhound can't do

much after the crook has skipped.  
Therefore, the slogan of the present  
campaign is still "Before you invest—  
investigate." Vets and other prospects  
of the swindler are being urged to re-  
gard with suspicion promises of over-  
size returns, to refer all roseate propo-  
sitions to their Better Business Bureau,  
chamber of commerce, bank, or to some  
skeptical businessman.

## Hitchhike Phones

Successful test of voice  
transmission over ordinary  
power lines forecasts new era  
for isolated subscribers.

Unprecedented extension of rural tel-  
ephone service was forecast last week  
when residents of Suttle, Ala., placed  
calls over the same lines that bring  
power and light to their remote com-  
munity. It was the first subscriber test  
of extended research by Alabama Power  
Co. and Southern Bell Telephone Co.  
(BW-Dec.9'44,p34), studying trans-  
mission of telephone conversations and  
electric power simultaneously over the  
same wires without interference with  
each other.

• **Simple and Safe**—Equipment required  
on the subscriber's premises looks much  
like that of the standard set, but includes  
a small box containing electronic tubes  
to produce the high-frequency current  
that carries the call over the power lines.  
A coupler attached to a pole near the  
subscriber's house allows this current to  
enter the lines. The same device shuts

## EXPLORING HERCULES LAND

# Sticky Tape with Triple Life



Exploring in Hercules Land  
helped surgical tape man-  
ufacturers to double and  
triple the life of tapes.  
It was discovered that  
Hercules non-oxidizing  
resins make adhesive coat-

ings more sticky . . . keep them sticky in  
use and storage.

These resins also mean  
better industrial wrapping  
tapes, synthetic rubber ce-  
ments, shoe adhesives, and  
masking tapes, because  
they are low in cost, easily  
blended with synthetics and pigments.

If you make adhesives, or specify them,  
it will pay you to know more about

Hercules. The 48-  
page book, "Hercules  
Products", describes  
the many modern  
materials available  
for adhesives and  
other chemical uses.



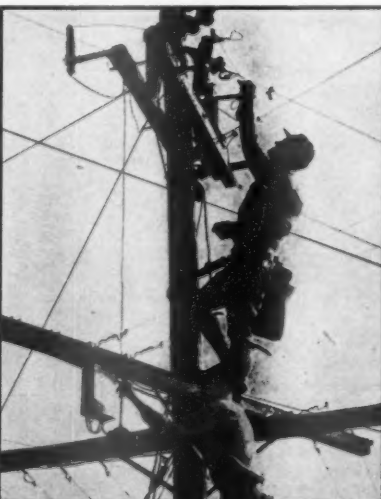
**HERCULES POWDER COMPANY**

966 Market Street, Wilmington 99, Delaware

# HERCULES



**CHEMICAL MATERIALS  
FOR INDUSTRY**



one of the first local calls goes over the hitchhike telephone line as E. B.  
Miller (left), only businessman among the four subscribers, talks from his store.  
Men (right) for Southern Bell Telephone and Alabama Power meet on the  
pole to rig up the telephone equipment, link it with the power circuit.

# NEW DEVELOPMENTS IN HYDRAULICS FOR INDUSTRY FROM *Bendix-Pacific*



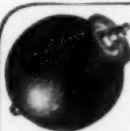
**BENDIX**—a famous name on hydraulic equipment for automotive, marine, aircraft and other uses—now introduces a new line of hydraulic equipment for *better* performance through-out industry.

The development and manufacture of over 400,000 hydraulic units for aircraft use alone has given this division of Bendix Aviation Corporation a double know-how in building hydraulic controls that increase *performance* through *precision*. This experience now has been utilized to create a new standard for rugged, reliable, low cost hydraulic equipment for industry.

Wherever you use or plan to use hydraulic power, Bendix-Pacific welcomes the opportunity to demonstrate how this new equipment will give you better hydraulic control at lower cost. . . Pacific Division, Bendix Aviation Corporation, 11600 Sherman Way, North Hollywood, Calif. Sales Engineering offices in New York and St. Louis.

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*Pacific Division*  
Bendix Aviation Corporation  
NORTH HOLLYWOOD, CALIF.



## NEW STEEL ACCUMULATOR AND SURGE CHAMBER

Stores energy, providing instantaneous supply of high pressure fluid. Relieves pump of continuous operation and supplies momentary demands beyond pump's capacity. Also acts as surge chamber to absorb pressure impulses and eliminate hydraulic shocks. This low-cost industrial accumulator utilizes the proven features of Pacific Division's aircraft accumulator which has demonstrated its reliability in more than 68,000 installations. Available for low or high pressure systems in 5", 7½" and 10" sizes with 1/2" pipe threads. Write for installation drawings complete with performance data.



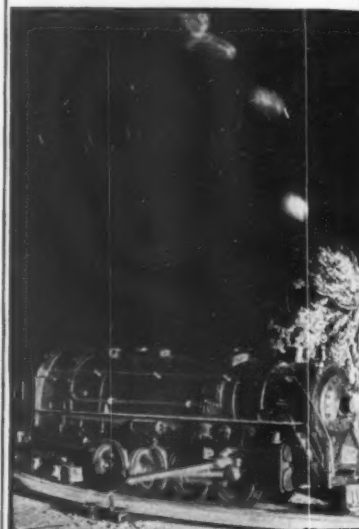
PRODUCT OF  
**Bendix**  
AVIATION CORPORATION

the power current out of the telephone instrument.

A subscriber using the new hitchhike service may call anyone on his own line or in any line to which telephone connections are made. His costs include the standard commercial or residential rates and a monthly fee fixed according to his distance from a telephone exchange. This represents a considerable saving over the standard rural installation. For example, a subscriber using telephone-line transmission at a distance of two miles from the base exchange pays \$5.95 a month for a residential one party hook-up, while the same service using power-line transmission costs only \$3.00.

• **Boon to Farmers**—Describing the power-line carrier system as still in the experimental stage, engineers agree that it may prove an important means of extending telephone service to farm communities having electric power but no telephone lines.

Alabama telephone and power company officials say they have not yet worked out the financial details of the leasing that will need to be settled before the new system goes into extended operation in their state.



## TO MAKE FATHERS HAPPY

Toy locomotives that puff real smoke add a touch of realism that's really going to keep Dad busy with Junior's trains. The engine was introduced by Lionel Corp. at a March of Dimes exhibit in Manhattan to haul a string of "collection box" freight cars. Lionel says that units will be ready before next Christmas, reports the effect produced with a harmless chemical which is placed in the stack.



## Gas Line Melee

Seven companies, railroads, unions, and others tangle over who shall supply service in Chicago-Detroit territory.

The Federal Power Commission is trying Sherlock Holmes in a mystery solved by the natural gas industry. But the search is not for "who done it" but who should do it."

The mystery involves a dispute between four natural gas companies—and one more could be affected—over who should supply gas service in and around Chicago, Detroit, Milwaukee, and a number of smaller cities. Knotty regulatory and engineering issues make the matter one of the most complicated cases ever faced by a federal commission.

**Strange Allies**—Nothing to unravel these complications was offered by 52 intervenors in the hearings which began in Washington last week. They represented every conceivable interest, from the Painters Local Union 781, Milwaukee, to eastern and western railroads which haul coal.

An unusual aspect of the case is that which finds the railroad brotherhoods, the United Mine Workers, and the National Coal Assn.—all of whom normally oppose all extension of natural gas service—teaming up with five of the gas companies to do battle against still others.

**First Cause**—The Natural Gas Pipe Line Co. of America, which buys gas from an affiliate, the Texoma Natural Gas Co., in Oklahoma, and sells it near Chicago, Ill., to the Chicago District Pipe Line Co., has revived and enlarged a 10-year-old request for an operating certificate under which it would add to its facilities to boost Chicago gas deliveries and start new service to a number of cities in Illinois, Iowa, and Wisconsin cities, including industrial Milwaukee where the principal fuel for years has been coal.

In another proceeding, which for regulatory purposes has been combined with the Natural Gas Pipe Line-Texoma and Chicago District cases, the Michigan-Wisconsin Gas Co., a recently organized affiliate of the United Light & Power Co., has sought certification for a new pipeline from the Hugoton gas field, in southwestern Kansas, to Detroit, where Michigan-Wisconsin would purchase and operate the Michigan Consolidated Gas Co.

**Competition**—The latter now serves the Detroit-Ann Arbor area and buys its gas from the Panhandle Eastern Pipe-

## Are You Taking Full Advantage

*of these newest*  
**NORTON DEVELOPMENTS?**

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● Teletalk is practical as a time saver. It makes it possible to confer with one or more individuals in other offices or in other parts of your plant with as much ease as though they were right across the desk from you.

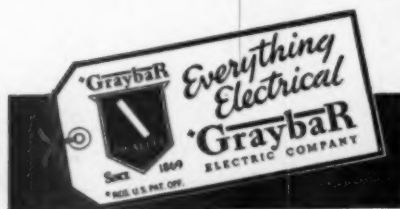
As distributors of Teletalk, you'll find the Graybar organization posted and in position to recommend the Teletalk system that will give you the greatest efficiency in your office or plant.

Don't delay getting the worthwhile story behind this convenient time saver. An inquiry will bring the complete facts as an aid in selecting the Teletalk system best fitted to meet your requirements.

Feel free to ask for this information as it will not obligate you in any way.

You'll find Graybar branches listed in the classified section of your telephone directory—or—if you do not find a Graybar branch in your city, send your inquiry direct to the address given below.

**GRAYBAR ELECTRIC COMPANY, INC.**  
Graybar Building, New York City



line Co. En route from Hugoton, Michigan-Wisconsin would serve a number of Iowa cities—notably Des Moines, which is already served by the Northern Natural Gas Co.—and more municipalities in Wisconsin, a number of which Natural Gas Pipe Line had figured on serving.

Natural Gas Pipe Line, Texoma, and Chicago District would not by any means be mortally affected if Michigan-Wisconsin were to win its certificate, but Panhandle and Northern take a most decidedly dim view of such a proposition.

● **Underground Storage**—Principal basis on which Michigan-Wisconsin can even get a straight-faced hearing on a proposition which would imperil millions of dollars worth of invested capital is its bold operating proposal. It proposes to operate its Hugoton-Detroit line at 100% load factor 365 days yearly and without the direct sales to industrial users which are so valuable in promoting load factor on most pipelines. Such gas as Michigan-Wisconsin did not sell along the route or in Detroit would be stored underground in the depleted Reed and Austin fields north of Detroit.

When winter's heavy loads surpassed the capacity of the line, gas would be withdrawn locally and sent where needed. Such a reservoir last winter might have avoided the industrial curtailments which WPB had to order in Detroit. Michigan-Wisconsin says it could provide a maximum of 725,000,000 cu. ft. daily. Detroit, which now is served under a contract limitation of 125,000,000 cu. ft. daily, wants and insists that it needs more gas. The Detroit supply, incidentally, represents 25% to 27% of the business Pan-

handle does, with a total investment about \$100 million.

● **Offshoot Case**—Detroit's insistence, partially responsible for an offshoot case wherein FPC has required Panhandle to show cause why it should not obtain a certificate for certain measuring and regulating facilities it plans to install where its line enters Ford property in Dearborn. Ford, now served by Michigan-Consolidated, will build a line of its own to take a large amount of gas in a sale which Panhandle says is beyond FPC jurisdiction because it is directed to an industrial user not for resale.

FPC has raised the question whether the facilities are for the transmission of natural gas in interstate commerce and thus require certification under the natural gas act. Were FPC to take jurisdiction its position would be very similar to the position it took in the Connecticut Light & Power case (BW—Mar. 31 '45, p. 20) not long ago when it claimed that stepdown facilities in an electric power substation were facilities used in interstate power transmission whose ownership rendered the company liable to FPC jurisdiction. That was one of the few important electricity cases FPC ever lost.

● **Opposed Views**—While a proposal threatening to invested capital as that of Michigan-Wisconsin normally might not be expected to get far, its proponents say it can cut gas costs everywhere along the line, and this, if demonstrated, would be a point any commission would have to consider carefully.

Opponents scoff at its possibility and declare that in planning to abstain from sales directly to industrial users Michigan-Wisconsin is scoring a low-rate normally paid for such gas in favor of a two-way rakeoff it might

## LITTLE SHOE MYSTERY

Fresh evidence that car manufacturers may be dreaming up something new is Firestone Tire & Rubber's little tire, designed in cooperation with "several" major—but nameless—car makers. It measures 15 in. from rim to rim and 5½ in. across, slightly less than the 6.00-16 size used on Fords, Chevrolets, Plymouths. Built to provide a lower center of gravity, the 5.50-15's have a flatter tread, claim longer mileage. They'll cost several dollars less than the \$15.20, plus tax, of the 6.00-16's. Guesses on who's going to make a car to fit them embraces Ford, Kaiser-Frazer, Chevrolet, Chrysler, perhaps Studebaker.



**BUSINESS WEEK • Jan. 25, 1948**



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*Saves time!*

Installing a Teletalk intercommunication system is the same as having four to a dozen key people working right across the desk from you. You can have a person-to-person conversation by just reaching over and flicking a key. There is no dialing—no delay. You have information at your finger tips without leaving your desk.

Business comfort you might call it, but it is just good business to stop wasting time going from department to department or person to person or waiting for them to come to you. Place them at the other end

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**Old Man Competition Says:**



**TOP PRODUCTION  
YES... BUT NOW  
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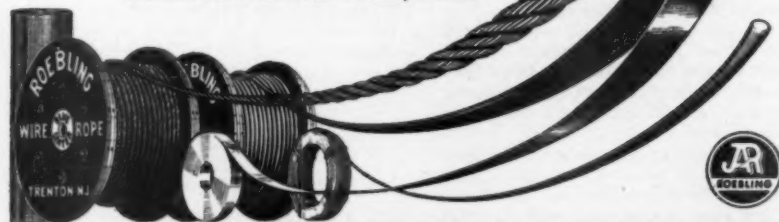
Successful business operation in the face of growing competition will force utmost economy in production and equipment costs.

A Roebling product... whether it's wire rope, electrical wire and cable, woven wire screen, strip steel, or round, flat or shaped wire... is a sure step in this direction.

Roebling made America's first wire rope. Over a hundred years of specialization, with unsurpassed facilities, have given Roebling the skill and experience that assures top quality.

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**PACEMAKER IN WIRE PRODUCTS**

Wire Rope and Strand • Fittings • Slings • Electrical Wires and Cables • High and Low Carbon Acid and Basic Open Hearth Steels • Wire Cloth and Netting • Aerial Wire Rope Systems • Cold Rolled Strip Aircord, Swaged Terminals and Assemblies • Suspension Bridges and Cables • Round and Shaped Wire

by selling gas to affiliated distributing companies who would sell it to industrial users at a markup.

The incongruity of labor-coal support for a natural gas company comes through the intervention of labor unions and coal interests against the granting of Michigan-Wisconsin's request for certification. The intervenors declared that, with the possible exception of an increase in the capacity to move gas into Chicago and Detroit, there is no such emergency as Michigan-Wisconsin advances as one reason for approving its proposal.

Another angle to the union-coal operator position is that if it can help existing suppliers obtain certification to increase their present capacities without the installation of a new major pipeline, it will have struck a damaging blow at the possibility that the Michigan-Wisconsin's Hugoton-Detroit line ever will be built. Panhandle, in Detroit, and Northern Natural in Iowa would hardly augment their existing investment if they expected Michigan-Wisconsin to get substantial portions of the business at some future date.

## WHOSE RUBBER PLANTS?

W. Stuart Symington, Surplus Property Administrator, put into words what everyone has been thinking when he told Congress last week that disposal of surplus synthetic rubber plants is tied up with international relations and military defense that final action must be determined by top governmental policy-makers.

He pointed out the value of an early decision in order to take advantage of the existing favorable market. That investment, in 44 plants for making rubber and its components, he set at \$680 million plus an additional \$36 million in "scrambled" facilities. Plant capacity is 1,100,000 tons a year.

In a second report on the government's \$232 million investment in aviation gasoline facilities, Symington took the opposite position, urging their speedy disposal to private operators. Only two of the 29 major refining units are completely "unscrambled," and only one is capable of operation as a separate enterprise.

Most of the facilities are expected to go to their wartime operators under existing options.

## DETROIT AIRPORT ROW

After four years of bickering over a modern airport site, Detroit will use the large field at Willow Run as a make-shift until facilities closer to the city's business section are afforded.

The airlines serving Detroit, fed up

## Utah Goes Into Business

The State of Utah, which in the early days of Mormonism had communal settlements in which farming, marketing, and buying were cooperative, as in the group farms later to be established in Russia, is now witnessing an experiment in state capitalism.

The state's Dept. of Publicity & Industrial Development in January approved an appropriation of \$13,900 for the perfection, promotion, and obtaining of a patent on a power transmission device of James A. Hardman of Logan. Hardman will be paid \$5,400 for his work and the balance will be used for other expenses, such as testing, and patenting the machine.

Legal justification for the state financial aid on a private invention is that 15% of the whole rights in the device have been granted to the Utah State Agricultural College at Logan. While state and federal governments have frequently reserved mining, oil, timber, and grazing rights on public property, Utah press critics contend that this is the first instance of the use of state funds to finance an invention. With private money readily available, the move has aroused intense press opposition.

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determine  
the PAPER you choose



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Quite obviously, you need a different kind of paper for much-handled, hard-working records of long-term importance than for here-today-gone-tomorrow notations. But the problem of selecting the one best paper for either type of paper work need not be difficult. Simply evaluate your forms, blanks, letterheads and record sheets in terms of use and life expectancy. Then

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# More Texas Steel

Sheffield's negotiations for government-owned plant at Houston indicates stiff fight in expanding southwest market.

Sheffield Steel Corp. is spending \$2,500,000 for additional facilities at its plant on the ship channel at Houston in order to add barbed wire, road mesh, and other wire products to its present line of nails, wire, structurals, bars, reinforcing steel, and plate steel.

• **Scrambled Facilities**—This move in itself is not of major interest to the steel industry, although it does indicate that United States Steel Corp. will face stiffer competition in the southwestern market, where it has been strongly entrenched. Of greater moment to steel men is the outcome of Sheffield's present proposal to buy the \$37 million government-owned openhearth furnaces, plate and blooming mills, and other facilities intermingled with company's own plant.

Purchase or lease of the government-owned facilities would give Sheffield, a subsidiary of American Rolling Mill Co., a large and fully integrated steel plant at Houston, with easy access to deep-water shipping.

Technically, all of the facilities are not scrambled, but operation of the government plant by a producer other than Sheffield would present two alternatives: (1) building of steel production and new rolling facilities, or (2) substantial dependence on an outside market for sale of pig iron.

• **One Other Bidder?**—Thus Sheffield is the logical operator. Only other possible bidder reported in steel circles is A. O. Smith of Milwaukee, who has an oil pipeline manufacturing plant in Houston near the Sheffield properties.

Since Sheffield's Houston operation started as a prewar enterprise, and since the company expanded its civilian market considerably even during the war, the industry expects the Armco subsidiary to make every effort to dominate the southwestern market.

Sheffield surveyed the Houston and Gulf Coast region in 1939 with a view to building a steel mill to operate principally on scrap iron. In 1940 a 600-acre plot was purchased on the ship channel; in 1941 the plant was under construction, and it was in operation the following year.

• **Additional Furnaces**—Beginning operation with three openhearth furnaces (fired by natural gas and oil) of 110-ton capacity each, the company soon had its substantial investment supplemented

by a multimillion dollar expansion financed by the Reconstruction Finance Corp. The government built a blast furnace and a coke oven along the channel side to utilize Texas iron ore. It also built two additional openhearth furnaces to make a total of five—three owned by Sheffield and two, as well as other facilities, under lease from the government.

For double safety, Sheffield leased 245 acres of iron ore property at Jacksonville and 64 acres at Linden, Tex., some 150 mi. from the Daingerfield properties of the Lone Star Steel Co. Coking coal during the war period was brought from Oklahoma. After V-J Day the blast furnace and coke oven were closed and placed at standby for the government; the mining property leases owned by Sheffield are inactive.

• **May Drop Leases**—Sheffield has proposed that the government take over these leases for standby; otherwise the company has indicated that it will let them revert to the land owners, because it asserts that mining and transportation

costs are too high for economical operation of the mining property in a competitive market.

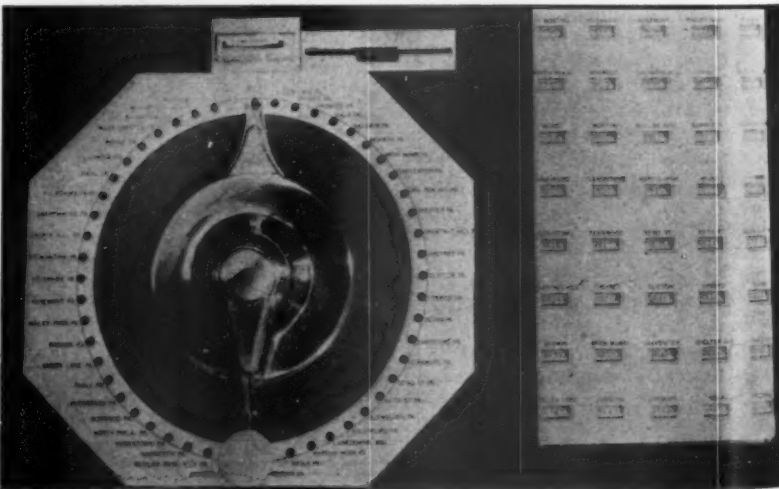
The steel company is playing shrewd and hard to get on buying the coke oven and blast furnace, for it says that it plans to operate on scrap iron obtainable within a 150-mi. radius of Houston—plus pig iron (10%) brought from Birmingham, Ala., or Asheville, Ky. Some ore is reported to have been brought in from Mexico and other Latin American countries.

• **Output of 350,000 Tons**—Sheffield apparently figures that the Southwest budding industrialization will provide a ready market for the 350,000 net tons of steel it can produce annually by the openhearth method at Houston. Peak production during the war was 500,000 tons, with pig iron from the blast furnace accounting for about half of the melt—and at higher cost.

Present employment at the Sheffield plant is 2,000, or two-thirds of the wartime peak. When the additional facilities under construction are completed,

## FROM OUR BETTERS

Boon to ticket sellers and travelers is the ticket printing machine operating in Philadelphia's Pennsylvania Railroad Broad St. station. It was developed by General Register Corp. from parimutuel units, has a dial listing 50 commonplace stations (below). The clerk merely turns the pointer to a desired destination and out pops the ticket (right) imprinted with date, tariff, and tax. She doesn't have to hold up the line to inscribe a flagstop ticket, but slips one of 150 matrices into a "miscellaneous" slot.





ed, Sheffield expects to employ a  
of 3,000 again.  
Meanwhile, southwestern steel men  
wondering what will become of the  
idle Dainierfeld plant of Lone Star  
steel, which had once hoped to become  
fully integrated mill. Present possi-  
bility is that the company may obtain a  
\$500,000 federal loan to expand its  
blast furnace facilities to include a cast-  
iron pipe mill (BW—Sep. 29 '45, p41).

## RAMBLE FOR TAXI RADIOS

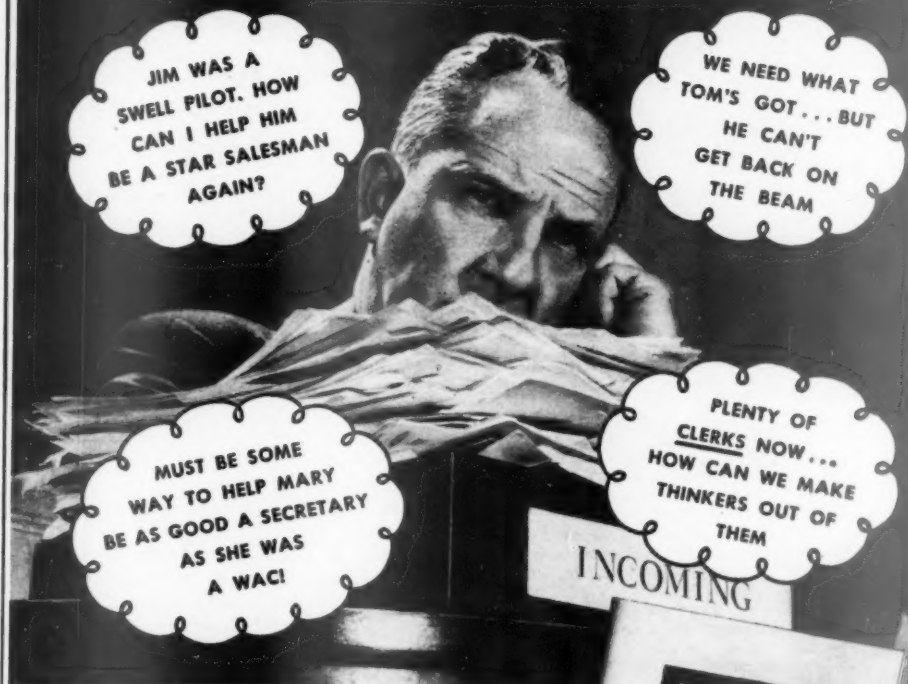
Surprising to the cab operators who  
were buying, and perhaps also to the  
company that did the selling, was one  
thing last week at the American Taxi-  
cabs Assn. Chicago convention. Gal-  
vins Mfg. Corp., makers of Motorola  
automobile radios, booked orders from  
taxi companies and lined up when-and-as-  
soon as 30 others for a reputed total  
of 500 transmitter-receiver sets at  
\$500 per unit for delivery when the  
hackers get Federal Communica-  
tions Commission licenses, possibly  
next March (BW—Nov. 4 '44, p36).  
What set off the buying stampede  
was the performance of a mobile dem-  
onstration set. A Boston cab operator  
operated 90. Galvin ascribes the per-  
formance largely to using the 152-162-  
mc waveband for FM (frequency mod-  
ulation) use, claimed to be the first com-  
mercial use of this frequency for vehicle  
two-way communications.

Specific claims: that the set gave per-  
fect reception within 15 mi. of the sta-  
tion; that it worked in two plague spots  
outside ordinary standard broadcast band  
—the concrete-roofed, steel-rein-  
forced lower level of Wacker Drive, and  
even more tightly screened low ramp  
taxis at the Union Station.

## OMB BUILDERS HONORED

The seventh biennial Award for  
Chemical Engineering Achievement  
will be shared by over 100 companies,  
universities, and research organizations  
for their contributions to the develop-  
ment of the atomic bomb, according to  
D. Kirkpatrick, secretary of the  
award committee and editor of Chem-  
ical & Metallurgical Engineering, a Mc-  
Graw-Hill publication, which sponsors  
the award. The recipients, all prime  
contractors of the Manhattan District,  
were selected with the cooperation of  
Gen. Leslie R. Groves, executive  
director of the atomic bomb program.  
The first five awards, from 1933 to  
1941, went to individual companies but,  
with the war, the committee found it  
impossible to single out the work of  
any one organization. The last award  
went to all companies contributing to  
the development of synthetic rubber.

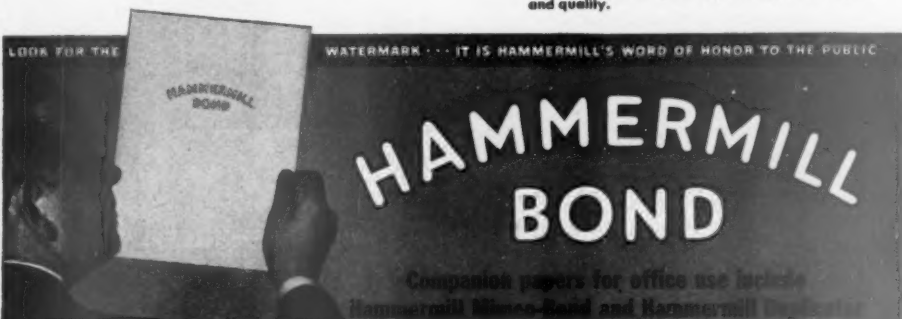
# New employees a problem?



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It is mighty important that your new employees—back from uniform or war jobs—get the right “second start,” important for them and for you. Hammermill’s management-idea book, “Pathway to Executive Success,” may help you with this problem, as it has helped many others. Written for ambitious young workers, it shows them how to get a straight, fresh perspective on their jobs... direct themselves through a definite, day-to-day plan based on “case histories.” Send for this practical show-how book. Read it—we believe you’ll find it helpful to pass it around.

It’s helpful also to depend on Hammermill Bond for your letterheads and forms... the standard business paper for over 30 years... coupon below will bring you the sample book of new Hammermill Bond, showing its improved postwar colors and quality.



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Please send me—FREE—“Pathway to Executive Success,” and include the sample book of new Hammermill Bond.

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(Please write on, or attach to, your business letterhead)

BW-1-28

PLAIN TALK ABOUT PLASTICS

don't let  
a pretty face  
mislead you

Industrial manufacturers especially should take notice . . . plastics are not all glamour and gadgetry, by a long way.



More than 50% of the total output of all plastics today are in industrial or specialty resins . . . thermosetting resins in liquid and powder form that laminate, bond, coat or impregnate other products to better their performance or lower costs. The growing list of manufacturers using these "plastics in overalls" would include almost every type of industry in the nation.

For example, here are just a few applications in which Monsanto has established a leading position in this field of plastics which many are prone to overlook:

- Binding components of durable, resilient resinoid grinding wheels or brake linings.
- Laminating glass cloth (as in famous, once-secret U. S. personal body armor), paper, wood veneer, fabric, etc.
- Sealing porous castings of aluminum or magnesium.
- Bonding difficult and dissimilar materials, e. g., impregnated woods, phenolic laminates or moldings, metals.

Not much glamour there, certainly . . . but jobs that plastics do better than anything else. Perhaps there's a profitable idea there for you. Monsanto has experienced industrial resins consultants to work with you . . . and complete technical data is yours for the asking, just write, wire or phone: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Massachusetts.

**MONSANTO**  
**PLASTICS**

DEFINING INDUSTRY - WHEN OTHERS HESITATE

## PRODUCTION

### Sound Inscribed on Paper Tape

Brush unveils magnetic recorder for home use; also offers new plated wire which costs less than stainless steel strand hitherto used. All manufacturers in field see big potential for their products

A sound recorder which uses magnetically coated paper tape as the recording medium made its first public appearance in New York this week.

Advantages claimed for this recorder by its manufacturer, the Brush Development Co. of Cleveland, include: (1) ease of handling for the average user; (2) high fidelity at low cost per minute of recording; (3) ready editing by tearing out unwanted sections of the recording and splicing the torn ends with any suitable adhesive.

• **What User Can Do**—Brush sets forth that its product, called the Magnetic Home Recorder, is as simple to operate as a light switch. By placing the outfit on top of the home radio, or on an adjacent table, the user is enabled to record his favorite radio programs, or with a microphone attached, he can record "the first words spoken by Baby Nancy, the kitchen quartet, or anything else."

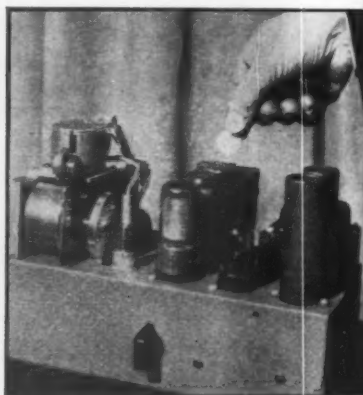
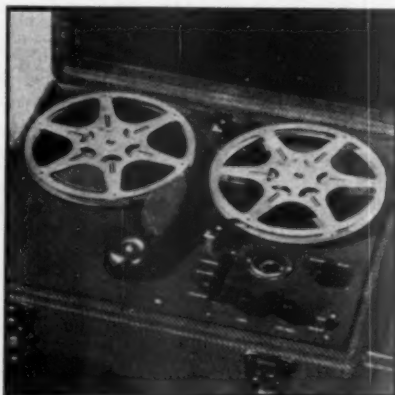
One side of the recording paper tape is treated with an iron-based substance for ready magnetization. A recording can also be erased, thus permitting the

same tape to be used over again and again.

• **15 Minutes at a Time**—Wound on 8-mm. reels, the tape comes in lengths for 15 minutes of continuous recording or play-back. Because of the size of the reels (7 in. in diameter) the engineering of the tape recorder differs slightly from that of the Brush recorder which uses the conventional wire.

Two reels, one holding the paper tape, and one to receive the tape when the recorder is in operation, are in a horizontal instead of vertical position. The "head," through which the tape passes to be magnetized or demagnetized, is considerably larger than the one used on the wire recorder, but the basic construction is the same in both types.

• **Company's Program**—Although the recorder and the tape were not unveiled until the midwinter meeting of the Institute of Radio Engineers, Brush had them under wraps for two years. The company does not plan to issue manufacturing licenses, but has plans well advanced for the manufacture of both



New type of home recorder is Brush's machine (left) that utilizes coated paper tape to record and play back sound. As in the case of wire recorders, sound is registered on the metallically coated tape as it passes through a magnetizing head, can be demagnetized for re-use. Hair-fine steel wire is the reproducing medium of St. George Recording Equipment's midget device (right) that can be hooked up with coin-operated vending machines. A coin not only sets the vendor in operation but starts off a wire-recorded plug for the product sold. The 6-in. x 10-in. reproducer plays for 15 seconds.

wire and paper tape recorders. Portable models will be marketed through distributors, while it is also planned to sell units which are to be built into radios directly to the manufacturers of radios.

Brush engineers are now working on the problem of developing a thinner paper, and perhaps resizing the sound recorder, to permit a tape that will play continuously for an hour. One variation envisaged is use of colored tape, so that the user can readily identify the type of music or text from the hue of the paper.

• **Recording Disks**—Another Brush product utilizing the magnetized coated paper will be the Mailograph, which will record messages, such as letters, on 9-in. disks that play for about 3½ min. Costing about 4¢ each, the disks can be folded and mailed. The machine, different in construction from the tape recorder, is expected to be in production within 90 days, and to sell to the home market for from \$30 to \$35.

• **Plated Wire**—Another major development announced by Brush this month is a patented electroplating process which makes possible the use of cheap, highly ductile wire for recording purposes in place of more expensive stainless steel wire. Uniform plating with magnetic material is reported to give the cheap wire even better performance characteristics than were obtainable before, and at a saving of approximately 25%.

An additional advantage claimed for the plated wire is that it is of such uniformity and fidelity that it permits slower recording, and consequently more recording time per foot of wire.

• **In Production**—Mass production of the plated wire has started, and Brush now has ready a portable model of the

recorder-reproducer unit in which the wire will be used. This model, which is expected to be in a price range of \$125 to \$150, will measure approximately 14 in. x 11 in. x 8 in. and will weigh less than 30 lb.

The great majority of the magnetic recorders used by the Army and Navy during the war were Brush-produced. Since magnetic sound recording is almost half a century old, this company's sudden emergence to its present prominence in the field is deserving of explanation.

Poulsen, a Danish physicist, built a magnetic recorder in 1898 and filed his first patent application in the United States in 1900. American Telegraphophone Co. was organized in 1905 to make recording devices for business purposes, but it was too far ahead of its time. Little more was done until the middle 1920's, when several European countries began making recording equipment, primarily for recording telephone conversation.

• **Dr. Begun's Role**—One of the brilliant young scientists associated with the basic development work was Dr. S. J. Begun, who came to the United States in the mid-1930's and organized Acoustics Consultants in New York City. He planned to produce a magnetic recorder for educational use, particularly in speech study and in the teaching of languages.

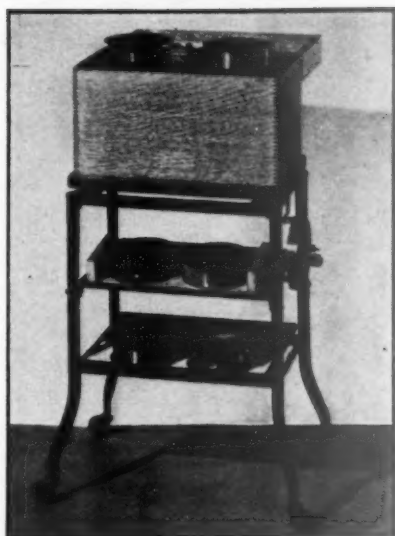
Brush Development Co. learned of his work and invited him to join the company, which he did in 1938. That year gave birth to the Brush Soundmirror, the country's first commercially successful magnetic recorder.

The Soundmirror employed endless steel tape. A policy of popularizing the device by exposing it to the educational field before attempting a broader development was interrupted by the outbreak of the second World War.

• **Green Light**—Technicians of the National Defense Research Committee gave Brush the green light on evolving equipment for war use. Months of work were compressed into days, with the result that magnetic sound recording has now bridged the gap between the laboratory and practical, every-day application in office and home.

Another unveiling in the magnetic recording field occurred in Chicago this month, at a meeting of manufacturers licensed to produce wire recorders under patents held by the Armour Research Foundation of the Illinois Institute of Technology.

• **New Models**—Two new models were demonstrated: a unit designed for installation in a 6-in.x12-in. space in any standard radio, and a master recorder developed expressly for demonstration purposes to show just what refinements



Crude, but remarkably similar to its more polished descendants was American Telegraphophone Co.'s 1905 version (above) of the magnetic recorder.

are possible with wire-recording techniques.

The radio unit designed to record or play back is built to utilize the power and tubes of the radio set into which it is incorporated.

Seventeen of the Armour licensees have adopted standard specifications for the spools which hold and feed the recording wire. Objective is to make wire recordings as standard and interchangeable as the disc recordings that play on any phonograph.

• **Weight Reduction**—An indication that the trend to reduce the weight of recorders (BW—Dec.29'45,p50) is also influencing manufacturers of film recorders was provided this week when J. A. Maurer Co. invited attention to its latest model 16-mm. recorder, weighing only 80 lb.

Makers of the various new recorders visualize almost endless possibilities for their postwar wonder child. They point out that the recorder makes possible the collection of home libraries of musical and other programs on a scale that was hitherto out of the economic range of the average family. Also, they predict that on trains, buses, and planes, the new recorders will provide quality entertainment—music, travelogues, or anything else the carrier may wish to record.

• **Hearing Gadget**—Brush is now ready to start production on a hearing gadget which is to be built into the headrest of a plane or train seat. To the gadget will be piped radio programs or playbacks from the recorder aboard the carrier.

## German Tape Recorder

Descriptive data on two models of the Magnetophon or Tone-schreiber, a German recording machine which uses magnetic tape of a composition that is still undetermined, are now available to United States industry.

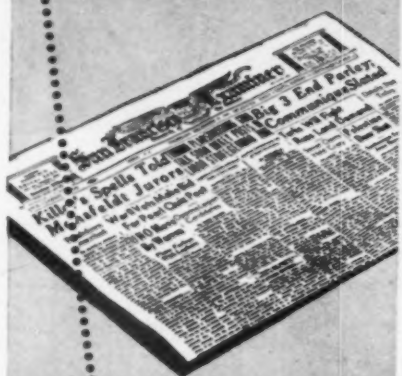
This device is reported to record voice and code messages very well, but to be unsatisfactory for the recording of music, presumably because of the characteristics of the tape that is used.

Reports No. 1027 and No. 1028, prepared by Equipment Intelligence Service, contain the details. Photostats of these documents may be obtained from Office of Publication Board, Dept. of Commerce, Washington 25, D. C.



# IMPACT

of a newspaper  
is that quality born of  
reader confidence.



## THIS NEWSPAPER

has led its field  
in every department  
... news, circulation,  
advertising and public  
service ... as far back  
as the records go.

THE SAN FRANCISCO

# Examiner

Nationally Represented  
by  
Hearst Advertising Service

## Potato Bread

Culture formula promoted  
by Michigan baker wins wide  
acceptance for flavor, texture,  
and keeping qualities.

Various mixtures of potato flour have been added to bread during the years without creating notable ripples in the calm of the baking industry. But now comes Culturized Potato Bread, with keeping qualities, distinctive taste, and a crumb and crust texture that have prompted 61 bakers across the country to produce it. Forty more are testing it, and bakery chemists are taking it apart to see what makes consumers willing to pay a premium of 1¢ a loaf.

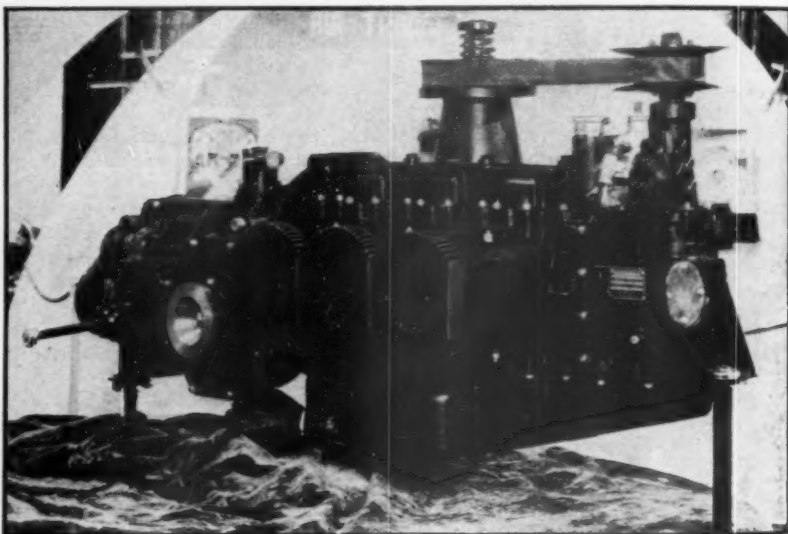
• **Promotion Supplied**—It started with a potato-culture formula developed eight years ago by a Lansing (Mich.) bakery chemist, Lee Rausch. Two years ago Rausch died and the formula was taken over by E. L. Shafer, head of the Peter Pan Baking Co., with headquarters in Detroit and bakeries in five other Michigan cities. Shafer produces the new potato bread and is licensing other bakers to use the culture and supplying them with promotion material

for a campaign to put the bread across. Using all the usual media, this campaign boosted Peter Pan potato bread sales 68.6% in 13 weeks, then was stopped to see whether the bread would continue to sell. It did, and with a little promotion during two subsequent months, the sales doubled in a year.

• **Mold Retarded**—Shafer's culture contains potato flour, corn flour, dry yeast, and 13 other ingredients which haven't been revealed. It is prepared wet and reduced to powder on a hot rotating-drum dryer of the type used for years in the dried milk industry. It is mixed with the flour and other dry bread ingredients to the extent of 3% by weight. From there on the baking process is orthodox.

Mold and rope, two arch enemies of keeping quality in bread, do not develop quickly in the new potato bread. This puts the product in a class with breads exposed to high frequency electronic waves (BW—Nov. 24 '45, p. 54) and those containing mold-inhibiting propionic acid.

Interest of the baking industry has been whetted by trade-paper advertising which makes the principal claims of flavor and keeping quality. The flavor angle has sure-fire appeal to an industry criticized from all corners for a product lacking distinctive taste.



## NEWCOMER INTO ESTABLISHED FIELDS

Displayed at Cleveland's Aircraft Show a novel air-cooled engine, made chiefly of lightweight die-cast aluminum, represents a bid by Jack & Heintz, Inc., Cleveland, for a slice of the automotive and aviation market (BW—Jan. 5 '46, p. 54). Its 126-cu.in. displacement developing a reported 75 hp., the six-cylinder (opposed) engine utilizes a few basic patents of the Skinner engine, developed late in the war as a two-cylinder unit to provide auxiliary power for bombers. For automotive use a transmission and clutch are attached directly to the engine; the fan (not shown) fits atop a stanchion in the center of the block.

## Loran, a Problem

War-time navigation aid is ready for civilian use, but its development must be timed to replacement of existing equipment.

One of the few war-time electronic developments technically capable of continued civilian use without modification, Loran (a contraction of the words long range navigation), the radar-like device for aiding sea and air navigation, poses a new problem for its developers and manufacturers.

That problem is to design new equipment and techniques which will merely accelerate normal obsolescence of existing equipment, now in service in numerous transmitting stations and on thousands of planes and ships of the Army and Navy, without making the present installations suddenly become of no use at all.

**Improvements Coming**—Originally developed and installed for the Navy by the Radiation Laboratory at Massachusetts Institute of Technology (BW-Ang.18'45.p63), the system has expanded until its maximum service area now covers about three-fifths of the earth's surface, land and sea.

Both Army and Navy are sponsoring the tremendous backlog of Loran research which piled up during the war, when only the most expedient solutions were followed up. Researches halted temporarily at the end of the war were on the brink of great improvements in accuracy, coverage, and economy. The \$100 million business is still growing; for, besides its unquestioned usefulness to mariners and airmen, it will become valuable to yachtsmen and private pilots as soon as the complexity and expense of receiving equipment can be reduced.

**Master and Slave**—The fundamental principles underlying Loran have long been known, but only the fairly recent refinement of electronic timing techniques has made such a system a feasible one.

The grid of radio signals across the earth's surface (comparable but not concurrent with the imaginary lines of latitude and longitude) is generated by numerous pairs of synchronized "master" and "slave" radio transmitters. Each master transmitter sends out radio pulses at fixed intervals; its slave transmitter (often hundreds of miles away) follows with a second series of pulses.

At the receiving end, on ship or plane, the navigator uses his receiver-indicator to measure the number of microseconds (millionths of a second) time

difference in the reception of the two sets of pulsed signals.

**How Position Is Fixed**—Knowing the master and slave stations to which he is tuned, the navigator then consults a Hydrographic Office Loran chart of the area. On this chart are numerous hyperbolic lines in color—a different color for each pair of stations in his area. Locating the line whose number corresponds to the time interval between the two signals, he knows his craft is somewhere along that line.

To get his exact location, he changes the setting of only one switch on his receiver indicator and measures the time difference in another set of signals from a different pair of transmitters. Entering the chart on the new line (of different color) he notes its point of intersection with the first line. That gives him his "fix"—his exact location on the chart.

A pair of stations can be received up to 700 nautical miles at sea during the day, about twice as far at night owing to reflection of signals from the ionosphere (the same phenomenon which improves nighttime reception of commercial radio broadcasts). Daytime coverage over land is poor, usually not over 300 mi.; at night it is as good as over water.

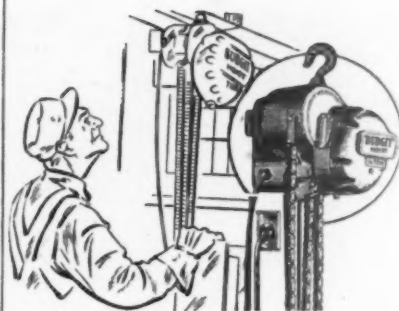
**Used Over the "Hump"**—The accuracy of the system depends upon a number of factors, and at best can locate ships or planes within a radius of 500 ft.; it is not likely at the maximum operating distance of 1,400 mi. to be any more accurate than a radius of 3 mi. or worse than 12 mi. Fortunately, however, its accuracy improves as craft approach shore and thus are nearer the transmitters.

Special variations of the basic Loran idea helped guide transport planes over the "Hump" between India and China and provided an area blind-bombing system over Germany. Despite imperfect coverage over Japan, the B-29 bomb load was increased at the expense of reserve gasoline, because homing was certain with Loran. It also guided planes carrying the atomic bombs.

**For Map Making**—Loran techniques are expected to find new applications, such as charting unmapped areas of the world or plotting ocean currents through signals automatically relayed from a drifting buoy.

## AUTOMATIC ANALYZER

The difficult problem of determining at production-line speed the amounts of each of several elements present in a chemical compound or metal alloy promises to be simplified by a new tool for making quick quantitative analyses. Called the **Quantometer** and designed



## Gets no wages!

The 'Budgit' Electric Hoist is a workman's helper that demands no wages. The cost for current is too small to be worthy of consideration. Yet it permits the operator to produce much more at much lower cost.

In factories, repair shops, warehouses, garages, print shops—wherever men lift heavy parts, 'Budgit' Hoists do the work faster and eliminate all fear of strain, rupture, or sprain for the operator.

'Budgit' Hoists embody all that is new in modern design, have anti-friction bearings throughout; are light in weight and of sturdy construction. Just hang them up, plug into the nearest electric socket, and use!

Safety is built into the 'Budgit' Hoist. Any worker—even the least skilled—can operate a 'Budgit' with perfect safety, for the safety stops are automatic and both the motor brake and mechanical load brake will hold the load independently of each other.

Check your entire plant now for spots where 'Budgit' Hoists would increase production at lower costs—and make workmen happier in their jobs.

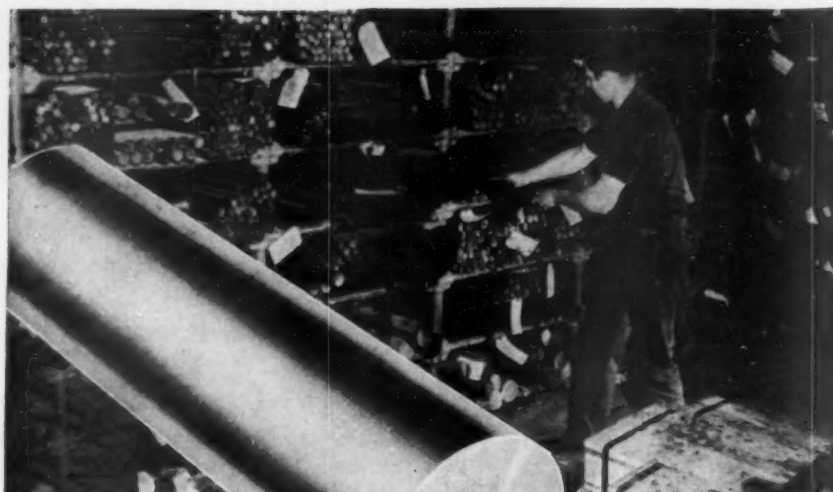
'Budgit' Hoists are portable, electric hoists built to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$119 list. For further details, write for Bulletin No. 356.



## 'BUDGIT' Hoists

MANNING, MAXWELL & MOORE, INC.  
MUSKEGON, MICHIGAN

Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.



## Aluminum Bronze Rods—extruded by Ampco

...for higher strength...good surface finish...compact structure

... result in a better  
product for your customer

Two grades of Ampco Metal and two grades of Ampcoloy bronze are produced in extruded form at Ampco Metal, Inc.

Extruded Ampco products are available from a modern extrusion mill, with the largest extrusion press in the Middle West and one of the few in the world devoted exclusively to the extrusion of aluminum bronze.

Barstock, heavy walled tubing, and various shapes are provided to meet your needs—from a mill that contains all the modern equipment required to handle this type of work.

The quality of Ampco extruded stock reflects care and consideration of detail in each step of the process—controlled melting and alloying, exact billet casting and billet heating technique, plus careful inspection of the finished product.

**AMPCO**  
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The Metal without an Equal

Specialists in engineering  
production — finishing of  
copper-base alloy parts.

**Write for Bulletin 64A**

*It gives you valuable information  
about Ampco extruded products.*

**Ampco Metal, Inc.**

Department BW-1

Milwaukee 4, Wisconsin

Ampco Field Offices in Principal Cities

to measure and record as many as eleven elements in less than a minute, the instrument is expected to speed up, or even change, some processing operations in which step-by-step control is necessary.

The manufacturers of the analyzer predict that in the metal industry the new device will make it unnecessary to hold melts while their composition is being checked. They also believe it will keep alloys to closer specification tolerances, and give them more uniformity and better performance qualities.

Devised by the Applied Research Laboratories, Glendale, Calif., and Harry W. Dietert Co., Detroit, the Quantometer consists of three electrically connected parts about as tall as filing cabinets and occupying perhaps 50 sq. ft. of floor space. These elements are a so-called source unit which applies a strong electric spark to the sample being analyzed, a spectrometer to divide the light from the spark into a spectrum which reveals the composition of the sample, and a recording console where the analyses are shown as percentage compositions. One man, however, can operate the imposing setup.

### SURPLUS ENGINE PROGRAM

The Reconstruction Finance Corp. is exploring means of utilizing the mountains of engines built to power combat planes and tanks, 20,000 of which have already been declared surplus, with other thousands to come.

Working with industry to find conversion jobs for these engines, RFC reports that uses are being found on farms, in factories, and in power boats.

Texas Industrial Co., Houston, has developed from a radial diesel aircraft engine a power plant capable of lighting a town with a population of about 3,000. It develops 75 kw. at a cost of 45¢ an hour.

Power plants of 100-, 200-, and 300-kw. capacity are being built experimentally from standard aircraft engines by Evans Products Co., Detroit. Operating at reduced speed and utilizing less than one-third of its power, "this engine can be fueled with low-priced, low-octane gasoline. Marketwise, the little power units are aimed at places lacking public utility facilities, or for service as standby power, or irrigation. Devastated areas in Europe offer another possible outlet.

In still another project, two liquid-cooled Allison engines are being installed in a 53-ft. power launch by Louisiana Materials Co., New Orleans, to drive the boat at 45 knots.

RFC will enter into experimental engineering contracts with other firms, or with individuals qualified to develop uses for the surplus engines.



## NEW PRODUCTS

### High-Speed Milling Cutter

With its new milling cutter head, 6 in. in diameter and containing 20 copper-cushioned, copper-plated, 12% cobalt high-speed-steel blades, General Tool & Die Corp., 555 Prospect St., East Orange, N. J., reports that metal removed from Max-L shank steel (similar to S.A.E. 4,150) at a rate of more than 4 cu. in. per horsepower per



minute—more than five times the rate considered normal—on a 35-year old milling machine. And the cutter is said to have milled metals of 600 Brinell hardness at unusually high speed.

Two steel bands with setscrews hold the blades in the cutter body, the copper plating serving to prevent slippage. Using a newly developed technique, both the bottoms and the sides of the blades are ground while the cutter is on the spindle to give improved performance.

To create a severe shear angle two ways at the bottom of the blade, claimed to produce a good finish while taking a roughing cut, the blades are grooved parallel to their longitudinal axis. The cushioning effect of a  $\frac{1}{8}$ -in.-thick strip of copper brazed to the back of the blade is reported to permit faster feed and higher speed than are possible with conventional blades.

### Rubber Check Valve

A synthetic rubber tube stretched over a cup-shaped metal core with slotted sides expands to permit fluid flow in one direction in a pipeline but fits tightly around the core to prevent flow in the reverse direction in the new

## Brochures for example...



For your direct-by-mail advertising . . . your brochures, folders, broadsides, and booklets . . . choose a background that will do justice to the importance of your message. Choose a Hamilton paper.

*Andorra Text and Cover, Hamilton Text and Cover, Victorian Text, Weyercoft Text and Cover, and Kilmory Text and Cover*, offer a diversity of weights and surfaces, qualities and colors, that will add an arresting distinction to all your sales-literature.

Refinements in manufacturing methods of these famous papers have resulted in even better quality than before, and in a steady increase in quantity which should soon prove sufficient to meet all demands. Rely on your Hamilton merchant to co-operate with you intelligently in supplying your needs.

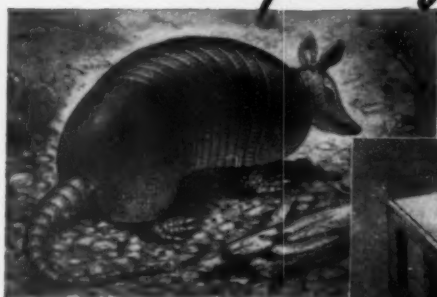
W. C. Hamilton & Sons, Miquon, Pa. Offices in New York, Chicago, San Francisco.



# HAMILTON PAPERS

**THE CONTAINER IS**

*"Part of the product"*



**... NATURALLY**

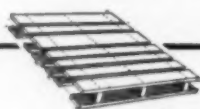


**GENERALLY....**

### NEW

#### "GENERALIFT" PALLETS

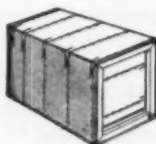
Millions of pallets were used by the armed forces. They saved from 50% to 90% in materials handling. We are now in full production of pallets for all industry. Our engineers will design a pallet best suited to your specific needs. Write today for Pallet Book.



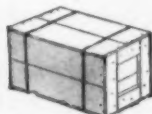
"Generalift" Pallet



General Corrugated Box



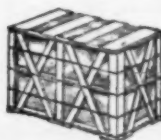
General All-Bound Box



General Nailed Box



General Cleated Corrugated Container



General Wirebound Crate

Write today for your free copy of booklet on GENERAL's "Part of the Product" Plan.

#### ENGINEERED SHIPPING CONTAINERS

### General BOX COMPANY

GENERAL OFFICES: 502 N. Dearborn St., Chicago 10, Ill.  
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Sheboygan, Winchendon.  
Continental Box Company, Inc.: Houston, Dallas.

### Look to the Armadillo

—come what may, he goes his way. When danger threatens, he quickly rolls into a tight ball—protected on all sides. And so . . . GENERAL Engineered Shipping Containers are also designed as "Part of the Product." They're engineered to faithfully follow the profile of the product—there's no wasted space, no needless weight. They're extra strong and compact!

It doesn't matter how fragile or rugged the product may be—how large or small—our engineers will design a container that's best suited for the shipment of that product. Often special inner-packing and blocking provide added interior protection. Frequently the product and the container can move together—as a unit—down your production line.

Let us tell you more about our "Part of the Product Plan." It's an important story. It's a story that will conserve packing materials and man-hours, that will save space and speed production.

Chexflo Valve developed by Grove Regulator Co., 6553 Green St., Oakland, Calif. Because it closes as the flow stops and before the backflow commences the valve does not cause pressure impulses, shock, or water hammer, it is claimed. Self-compensating and wear-resistant qualities are said to suit the valve to handling even highly corrosive or erosive gases or liquids.

The rubber valve and its metal core fit into a cast metal housing and are held in place by a collar which is flangebolted to the housing.

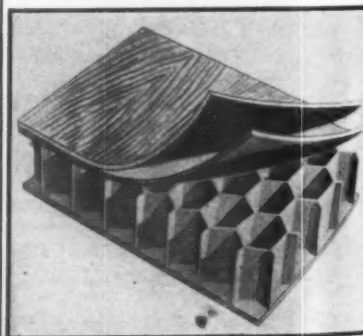
### Improved Microfilmer

Mixed files of documents up to 11 in. wide are said to be microfilmed by the new automatic Fassel Camera with the high reductions of 30 or 35 diameters, with correction for various colors on the originals, and at a rate two to three times that ordinarily achieved. Made by York Microstat Corp., 11 West 48th St., New York 19, subsidiary of York Industries, the camera is reported to reproduce more than 20,000 checks on 200 ft. of 16-mm. microfilm.

When documents are microfilmed on both sides simultaneously, light bleeding is claimed to be avoided so that the part of the image of one side does not appear on that of the opposite side.

### Light Structural Material

By sandwiching a honeycomb of phenolic-resin-impregnated cotton cloth, paper, linen, or Fiberglas between sheets of aluminum alloy, stainless steel, wood veneer, or plastic, the Glenn L. Martin Co., Baltimore 3, and the United States Plywood Corp., 55 West 44th St., New York 18, have jointly developed through four years of research a new waterproof construction material said to be



stronger for its weight than other materials now available. It can be made in sheets as large as 7x30 ft., with the core as thin as 1/4 in. and as light as 4 lb. per cu. ft., and with the facing sheets used singly or in combination. The cost of

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an average type is \$1 to \$1.25 a sq. ft. Designed primarily for the transportation and building fields, the Weldwood and Armorply Honeycomb will form the floor and a principal structural member of a new Martin transport plane. Other potential applications are in panels for railway cars and trucks.

### Synthetic Tanning Agent

To replace the natural tannins extracted from the chestnut tree—seriously depleted in 15 years by the blight—a synthetic tanning chemical, Exan, has been developed. Particularly suited for retanning chrome-tanned shoe leather, the product is claimed to facilitate the production of light-colored leathers, to produce lightfast leather, speed the tanning process, and impart to sole leather a fine, smooth grain, tightness, firmness, pliability, and resistance to abrasion, water, and wear.

The synthetic is the result of research by Monsanto Chemical Co., St. Louis 4, in cooperation with the University of Cincinnati, the Moore Laboratory, and American Oak Leather Co.

### THINGS TO COME

When a recent laboratory discovery is translated into commercial reality, there will be available a partially acetylated cotton fabric which resists mildew and rot, a useful material for awnings, tarpaulins, tents, and sails. The preserving treatment, it is said, does not change the color of the fabric, and test samples of the material are claimed to have remained strong after being buried for six months under damp earth.

- Electrical appliance manufacturers are coming along with interesting innovations. A home radio will look like an end table and will have a dial that disappears by blending with the grain of the wood when the radio is turned off and the dial lights go out. . . . An electric hot-plate will have a pull-put compartment underneath for making toast while coffee is brewed or eggs fried on top. . . . An electric alarm clock will be adjustable to any noise volume from low to very loud. . . . An electric hand iron will have a temperature indicating dial with fabric graduations. In another, the expansion and contraction of the soleplate as it heats and cools will open and close the circuit to control temperature.

# New Addition



## to the biggest brush family in the world!

**O**SBORN Master Wheels, Monitors, Disc Center Sections have been long and outstanding performers for industry all over this country and the world. To this notable list of power brushes has now been added a new one—the SITUFT.

The Situft is a power brush developed by Osborn engineers in the last days of the war. You've never seen a brush like it. It's built on an entirely new principle of wire suspension. It can do jobs no other brush (in some cases, no other tool) could ever do before. Its cost is almost unbelievably low—17¢ per brush—yet it has saved thousands of dollars in production costs! A complete tool crib kit containing one each of all 12 sizes ( $\frac{1}{4}$ " to  $1\frac{1}{4}$ ") and 2 holders costs \$2.85. You ought to have one.

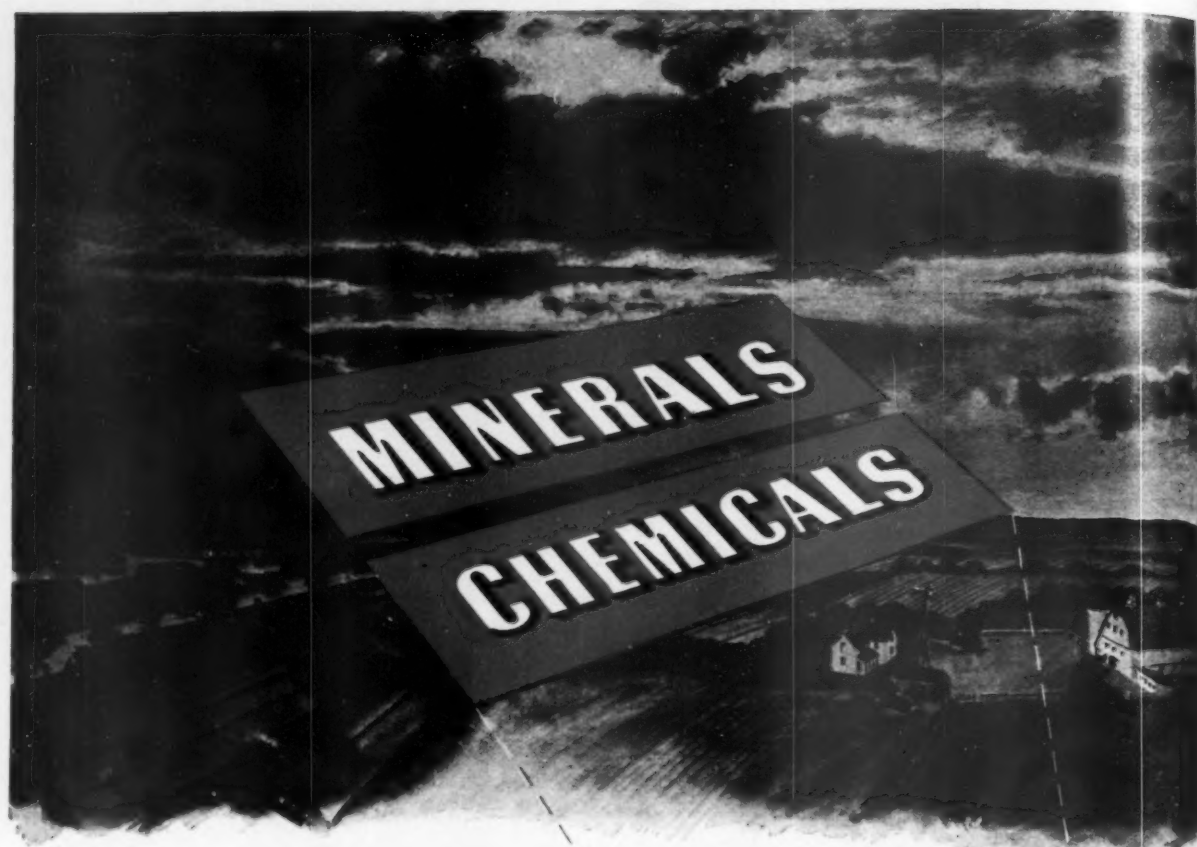
**THE OSBORN MANUFACTURING COMPANY**

5401 Hamilton Avenue

Cleveland, Ohio







## *For Industry and Agriculture*

Many essential minerals and chemicals from International's mines and manufacturing plants are used as raw materials in the cultivation of the nation's crops and the production of foods, drugs and a variety of other commodities. During the past thirty-five years International has continually expanded its operations to supply the requirements of industry and agriculture. Many new mines and plants have been built and others are being planned now for future construction. Through extensive research, new processes have been developed to increase the output of these raw materials and to aid the chemical manufacturer and the farmer in finding new ways to utilize International minerals and chemicals for your comfort, convenience and pleasure. *International Minerals & Chemical Corporation, General Offices: 20 North Wacker Drive, Chicago 6.*

# *International*

**MINERALS and CHEMICALS**



INTERNATIONAL MINERALS AND CHEMICALS serve you in many ways through industry and agriculture: POTASH AND PHOSPHATE for industrial chemicals and fertilizers. HIGH-ANALYSIS FERTILIZERS for larger yields of quality crops. CHEMICALS: Mono Sodium Glutamate, Glutamic Acid, Potassium Chlorate, Silica Gel, Epsom Salt, Defluorinated Phosphate, Sodium Silico-Fluoride, Sulphuric Acid and others.

## Into the Tax-Exemption Fold

**Acquisition of Ramsey Accessories Mfg. Corp. by corporation for benefit of New York University causes a stir in fiscal Washington and points up what bids fair to become well-defined trend.**

The recent furor in Congress (BW—Jan. 28/45, p. 76) over the loss in federal taxes when private utilities are bought by cities and public power groups may soon be revived in somewhat different form.

This time the unrest springs from the recent move of tax-exempt organizations of another type to acquire revenue-producing properties to offset the effect of "cheap money" on their normal investment incomes.

**For Example—**A case in point is the recent sale of all the assets of the Ramsey Accessories Mfg. Corp., a St. Louis maker of piston rings, to a New York City tax-exempt organization whose charter provides that all profits accruing from its activities must be used for the benefit of the medical and law schools conducted by New York University.

Rep. John J. Cochran, St. Louis Democrat, has been quick to call the attention of the House Ways & Means Committee to this deal. He has already been advised that the committee will study the situation with a view toward safeguarding the Treasury from losses in revenue resulting from any widespread operation of former tax-paying businesses by tax-exempt groups.

**A Fiscal Study—**Cochran, however, wasn't the first to note what was going on along such lines. For some time, the Joint Congressional Tax Committee, with the Bureau of Internal Revenue, has been quietly seeking ways of plugging up a tax loophole permitting such transactions. This study, at first concerned mainly with the municipal aspect, has since been enlarged to cover all angles.

Until the Ramsey transaction was publicized, reports of sales of income-producing property to tax-exempt organizations had directly involved only department stores and colleges. The biggest to date has been last year's sale by Allied Stores Corp., operator of the nation's largest department store chain, of virtually all its real estate and buildings to Union College, Schenectady, N. Y., for approximately \$16 million (BW—Jun. 9/45, p. 70).

**A Developing Trend—**Even earlier, however, the trend along such lines had

begun to gain headway. As long ago as 1943, Gimbel Brothers, Inc., announced to its stockholders a similar transaction. In this deal, Gimbel's secured some \$5 million in cash by selling its Philadelphia property, one of the largest department store buildings in that city, to the Fidelity-Philadelphia Trust Co. as trustee for a group of colleges or schools which included Cornell University, Princeton University's Institute for Advanced Study, the Lawrenceville School, and the University of Rochester.

Shortly before the Ramsey deal, Lit Brothers, another large Philadelphia department store, sold its store property to the University of Pennsylvania for a price of over \$4,100,000, with the buyer assuming a \$4,300,000 mortgage.

**Leases for Ex-Owners—**All these deals contained a provision for an immediate leasing of the properties involved back to their former owners under long-term contracts, thus assuring a continuity of occupancy in each case.

While no Washington officials are saying anything for quotation, reports indicate that some of them strongly believe that the tax angle has been an important consideration in such transactions. Trade circles, obviously, deny such muffled allegations. Instead, they say the extremely high assessment valuations placed on such property are mainly responsible for the deals.

There is no question, however, as to

the real benefits which all concerned can derive from such a deal.

**How It Works Out—**Take the seller, for example. Advantage can be taken of present high real estate prices to dispose of buildings at a profit that in tax returns will be subjected only to the capital gains limitations. In selling to colleges or other tax-exempt institutions, also, a higher price can probably be obtained than from a "tax-paying" buyer.

The chances likewise favor re-leasing of the property, at satisfactory terms, since such a buyer has no use for its acquisition in its "business" and will welcome a long-term good-credit-risk rent payer as a tenant.

**Other Aspects—**The seller gains relief, too, from the burden of paying municipal taxes (often at very high rates). Moreover, the seller can deduct as a charge against earnings before figuring future federal taxes whatever must be paid as rent for the transferred property.

The university or school buying such property also fares well. It acquires a stable investment providing a much higher yield than it can get today from such high-grade securities as it must hold.

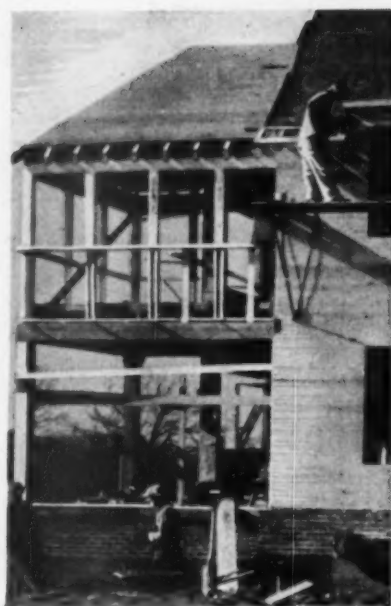
**On the Losing End—**There is usually a "fall guy," however, in all such transactions. An immediate loser normally is the municipality in which the property is located, since in most cases it can no longer collect its former tax revenue because of the new owner's exemption status. The federal government likewise gets less of a cut than formerly when it comes time for the corporate seller to file an income tax return.

In the latest transaction of this type to come under congressional scrutiny, the basic reasons appear no different from those prompting the department store sales that preceded it. Otherwise, however, the Ramsey company deal does represent something new and may per-

## BANKING ON A LOTTERY

Japanese line up in Tokyo's Hypothec Bank to buy ten-yen treasury notes that are really lottery tickets with which the bank hopes to feather its coffers. Hypothec distributes 40% of the take among 105,200 winners. Holders of the ten luckiest numbers pull in 100,000 yen (\$6,666.67). Nobody loses all, for notes with unlucky numbers can be cashed for cigarettes—ten to every three notes; the bank makes the undistributed 60%, less the cost of cigarettes.





**T**he biggest home-building flood in history is about to break.

Riding the crest is Better Homes & Gardens, because it's devoted entirely to families whose big love is their home.

Does that swing your thinking to the new importance of Better Homes & Gardens, the magazine that can carry your story with the buying stream?

**THERE'S**  
*market*  
**NO A PLACE**  
**LIKE HOME**

— and no place like Better Homes & Gardens to sell everything that goes into homes

CIRCULATION OVER 2,600,000



haps even indicate a broadening of future activity along such lines if restrictive official action isn't forthcoming.

• **Background**—Involved in that transaction, as the purchaser of all the assets of the Ramsey Accessories Mfg. Corp., including its plants at St. Louis, Fruitport, Mich., and Toronto, Canada, and the assumer of all the latter's liabilities, is the Ramsey Corp., which has heretofore maintained its headquarters at 1 Wall Street, New York City, in the office of one of its treasurers, John Gerdes.

Gerdes, member of the law firm of Gerdes & Montgomery and director of various corporations, has also been for 24 years professor of corporate finance and reorganization law at New York University. To the latter connection, therefore, can be ascribed his interest in the present deal.

• **An Alumni Activity**—The Ramsey Corp. was organized some time ago as the Medlaw Corp. by a group of alumni and other persons interested in N.Y.U.'s schools of medicine and law.

Included in the group led by Gerdes, former president of the N. Y. U. Alumni Federation, are such additional prominent citizens as Samuel A. Brown, former dean of the medical school; James L. Madden, a senior vice-president of Metropolitan Life Insurance Co.; Donal Sheehan, acting dean of the medical school; and Arthur T. Vanderbilt, former head of the American Bar Assn., who is now dean of the N. Y. U. law college and also president of Ramsey Corp.

• **For Law and Medicine**—Ramsey Corp.'s charter provides that all its profits, and all its assets after provision for creditors, must be used in equal portions for the benefit of the medicine and law branches of N. Y. U.

Its capital stock is nominal, but the Ramsey Corp. has received substantial sums of money through donations by those interested in its work. As a result, the corporation recently was flush enough to negotiate a bank loan, and to contract for the purchase of the St. Louis company's business and assets at a cost of around \$3 million, a price arrived at after a conservative appraisal based upon current market values.

• **On the Selling Side**—Ramsey Accessories is not a new company. The business was established by John A. Ramsey, its president, many years ago. It has long been engaged in manufacturing a patented line of piston ring products. Under exclusive trade names, these have always been distributed through jobbers and large chain organizations.

Control of the company has long been held by John A. and his brother, Leo A. Ramsey, its secretary. Most of the remaining shares have been closely



## JEEP BY CHANCE

In Copenhagen, the ubiquitous jeep, one of the war's most publicized vehicles, demonstrates that the magic publicity is still working. To aid charity it was offered as the piece de resistance in a sell-out lottery. And although the U.S. frowns on lotteries within its own borders, it evinces no moral resentment when one like Copenhagen's whets appetites for United States-made products.

held among other officials. The decision to sell the business thus was based on the same reasons which have been responsible in recent years for the selling of all or part of the controlling interest in many similar "privately owned" companies—the need to prepare for the eventual meeting in cash of today's high inheritance tax and the opportunity offered by current high market prices to accomplish that particular job.

• **Payment Plan**—For the Ramseys, sale of the property will mean a large capital gain. All this, moreover, under present tax laws, would have to be reported in their income tax in the year of sale if the initial payment by the purchaser exceeded 30% of the full price, regardless of the length of time over which the remainder was to be spread.

Consequently, in this case, the Ramsey Corp. was asked to pay only approximately 30% of their outlay for the assets of the accessories company in cash. The balance (with interest at 4½%) is to be paid over a period not to exceed 20 years, and the instalment each year are not to exceed 30% of the new company's profits from the business.

• **N. Y. U.'s Prospect**—As a result, only after the property has been fully paid



will the university benefit to the full extent from its earning capacity. So, the cash accruing to N. Y. U. is run to a substantial figure since the accessories company, if it had not been compelled to pay federal income taxes, would have been able to report over \$100,000 of profits in 1942; \$740,000 earnings in 1943; and a \$500,000 net in 1944.

What its 1945 profits before such taxes were is unknown. No financial statements have been published since 1944 year-end, when assets totaled \$3,129,000 and net worth (capital stock and surplus) came to almost \$800,000.

**Emphasis**—The Ramsey Corp. is fully aware of the recent criticism caused by acquisition of business properties by other tax-exempt groups. Thus it is emphasizing the fact that its purchase does not involve the passing along of any exemption to the sellers of the business or to other private individuals.

And it points out, as well, that the former owners will receive not more than 30% of the future annual profits of their old business whereas at least 40% of the net, under the 1946 tax law, would have accrued to them if they hadn't sold out.

**Actually Trustees**—Similarly stressed the fact that all Ramsey Corp. stockholders, limited to members of its directorate, are actually only trustees, since they can receive no dividends and each, in the event of death, will pass on to a successor director. Likewise all its officers and directors serve without compensation.

The Ramsey Corp. does believe it is entitled to exemption from federal income taxes. No definite ruling, however, has been made on that point, and Gerdes reports that details of the transaction just completed will be resubmitted to the Bureau of Internal Revenue for a final decision on the question.

**Social Security**—Whatever the decision, the accessories manufacturer just purchased will be operated for the benefit of N. Y. U.'s law and medicine schools. If the tax-exemption status is affirmed, Gerdes emphasized, every attempt will be made to obtain for employees the social security advantages from which such a decision would exclude them, through private insurance companies if necessary. And none of the advantages accruing likewise, he added, will be used as a basis for unfair competition.

All present workers of the accessories company will be retained. All the old officers have signed long-term contracts to stay with the business at salaries less than those which they received before the change.

## Loan Rates Cut?

Expecting record small-loan volume, New York bank superintendent asks legislature to lower interest.

State regulation of the small-loan business always involves a lot of economic tight-rope walking.

If the legal interest rate on small loans is too high, lenders may be able to turn a plushy profit at the expense of the very segment of the public that can least afford to pay fancy prices to finance its misfortunes. If the rate is too low, legal lenders shut up shop and the loan shark moves in with his 240% interest and his brass-knuckle collection methods. Most state regulatory authorities think that their job is to establish rates as close as possible to the fine line that will minimize interest costs in the long run without driving legal lenders out of business.

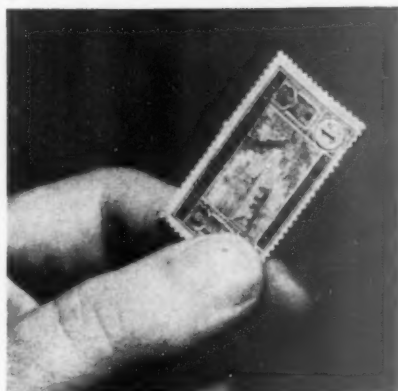
• **Suggests Lower Rates**—New York State's Superintendent of Banks, Elliott V. Bell, has just undertaken a particularly daring tight-rope act by recommending that the legislature cut the legal rate on small loans from 24% a month on the first \$100 to 2%. From \$100 to \$300, the rate would remain at the present 2%, giving a flat rate on all loans up to \$300. At the top of the scale, Bell recommends boosting the legal limit from \$300 to \$500 and allowing a 1% rate on the additional \$200.

Figuring on the basis of repayment in twelve monthly instalments, the effects of the cut on annual interest charges would work out like this:

Amount of Loan	Annual Interest at Present Rates	Annual Interest at Proposed Rates
\$100 .....	\$16.25	\$13.00
200 .....	30.75	26.00
300 .....	44.25	39.00

• **Rates Already Low**—Admittedly, this is shaving things pretty fine. New York's rates already are as low as those of any state that permits small loans, with two partial exceptions. (Wisconsin has a 1% a month rate on balances over \$200, and California has a 2% maximum on certain kinds of secured loans.) In 1932, when the state first adopted a small-loans law, the rates were set at 3% a month up to \$150 and 24% on the remainder. Present rates did not go into effect until 1941.

The Banking Dept. study that resulted in Bell's recommendations found that from 1936 to 1944 the ratio of average annual statewide costs to aver-



## It's Important to Look for the WATERMARK!

Stamp collectors always look for watermarks... because an unusual marking may greatly increase a stamp's value.

Paper buyers, too, make it a point to look for a certain watermark... the famous "Nekoosa Bond." The Nekoosa watermark assures a paper that has been Pre-Tested... a paper that will equal and surpass your most rigid printing requirements.

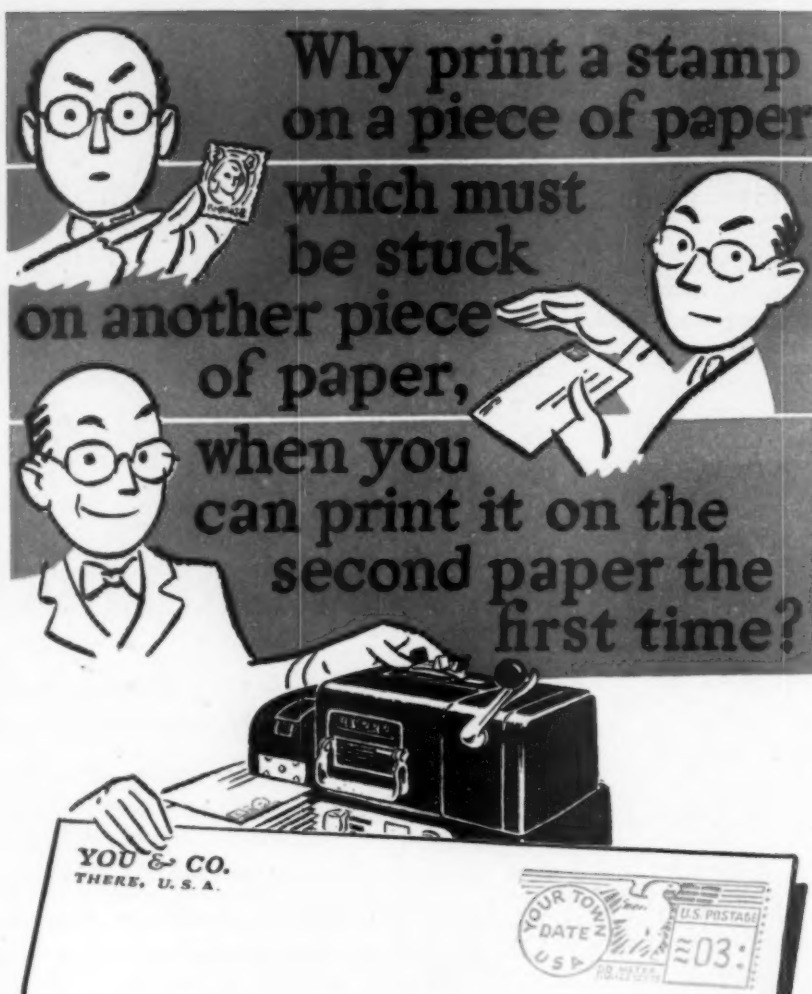
When buying bond printing paper... remember to look for the Nekoosa watermark. When buying printing... remember...

IT PAYS TO PLAN WITH YOUR PRINTER



One of the complete line of Watermarked Pre-Tested Business Papers manufactured by the NEKOOSA-EDWARDS PAPER CO. PORT EDWARDS, WISCONSIN

**Why print a stamp  
on a piece of paper  
which must  
be stuck  
on another piece  
of paper,  
when you  
can print it on the  
second paper the  
first time?**



YOU & CO.  
THERE, U. S. A.

YOUR TOWN  
DATE  
U.S.A.

U.S. POSTAGE  
03

The postage meter makes the adhesive stamp obsolete, and does away with stamp sticking... The meter *prints* any value of postage needed, for any kind of mail, directly on the envelope, ... and seals the envelope *at the same time*. Prints metered postage on tape for parcel post, too... Quick, convenient, effort-saving... The meter holds any amount of postage desired, always has the right stamp value available, does its own accounting — and keeps postage safe from theft or loss... Metered Mail, postmarked when printed, skips canceling and postmarking in the postoffice, gets on its way without routine handling... Postage meters are standard equipment in thousands of modern offices.

There's a model for every business, large and small—for your particular needs. Call the nearest Pitney-Bowes office. Or write for an illustrated booklet.



## PITNEY-BOWES Postage Meter

PITNEY-BOWES, INC., 1402 Pacific St., Stamford, Conn.  
Originators of Metered Mail. Largest makers of postage meters  
Offices in principal cities. IN CANADA: Canadian Postage Meters, Ltd.

age outstanding loans ranged from 14.07% to 16.36%. In some of the individual companies the ratio ran much higher, approaching 25% for the small operators. On top of this, net losses on bad debts averaged a little over 2% of loans outstanding for the period.

• **Returns Decreasing**—In a special analysis of the earnings of 17 representative companies—which account for 87.8% of the licensed lending business in New York—the department found that the return on equity capital after taxes had been whittled down from 11.74% in 1941 to 6.76% in 1944. Net return on loans made by these companies dropped from 11.15% to 8.59% during the same period.

The Banking Dept. doesn't call the earnings excessive, but it thinks they can be trimmed somewhat without putting any efficient lenders out of business. Its argument is that small-loan operations in New York no longer count as a new and experimental business. Consequently, they can get along without the high rates of fifteen years ago.

• **New Rates Thought Fair**—If the proposed rate cuts had been in effect in 1944, the department figures the 17 representative companies would have earned 5.88% on equity capital. It considers that quite enough to keep a well established business going, particularly when a period of good business is in the offing.

While it is on the subject, the Banking Dept. gives the legal lenders a sharp rebuke for the widespread practice of urging borrowers to renew loans again and again before they are paid off.

• **Other States Influenced?**—Ball's recommendations caused a stir among the loan companies, not only because New York with its close-packed wage-earning population is one of the best small-loan markets in the country, but also because other states are likely to follow its lead.

All legal lenders operate by virtue of special legislation which admits the failure of the old usury laws (fixing an annual limit of 6% or so on interest charges) and permits licensed lenders to charge high rates. Some 30 states now have adopted workable small-loans laws.

• **Criticism Common**—When the time comes to review the small-loans law the lenders never lack critics. In New York City, for instance, the fulminations of former mayor Fiorello La Guardia against the money-lenders have become minor classics.

The wartime experience of the small loan operators provides some solid evidence to back up Bell's contention that the business has reached maturity. Although the personal finance companies took a setback during the war, along with other lenders, they suffered less

# ICE CUBES FOR CUBA...



Yes, there's a gleaming electric refrigerator in Senora Garcia's kitchen. It was a happy day when it arrived, after a thousand-mile journey by steamer from the United States!

Ever since, the "Garcias" have enjoyed not only the welcome tinkle of ice cubes in tall glasses, but—far more important—a sure and simple means of protecting perishable foods, *always a serious problem in the tropics.*

Before war restrictions intervened, the United States was exporting to Cuba thousands of electric

refrigerators a year, as well as large quantities of cars, tractors, radios, industrial machinery and textiles. Today there is a great pent-up demand for many products of our factories in the friendly island republic.

For more than a century Cuba Mail Line has served the important export-import trade between our country and Cuba, and transported thousands of travelers as well. Today the Line is operating under Government direction, but as soon as shipping conditions permit, our vessels will return to their old established routes.

## CUBA MAIL LINE

*Serving Cuba and Mexico*

ATLANTIC GULF and WEST INDIES STEAMSHIP LINES

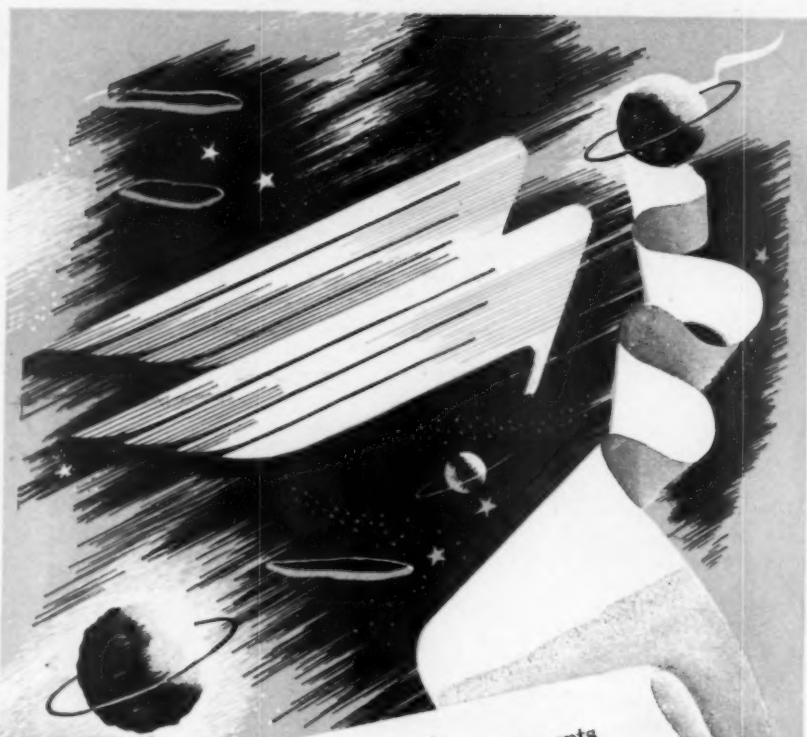
Foot of Wall Street, New York 5, N. Y.

Cuba Mail Line ★ Porto Rico Line ★ Clyde-Mallory Lines ★ Southern S. S. Co.

*Thousands of tourists in pre-war days thrilled at historic Morro Castle, towering above Havana's Harbor.*







**FOR SOME MONTHS** Neenah advertisements have hinted at the technical advances in paper manufacture made in our mill during the war . . . that Neenah papers would serve the postwar world in places and for purposes never served before. The end of the war has lifted the security restrictions which made it impossible to be more specific in describing some of these advances. It has not, however, relieved either the raw material shortage or the congestion in mill facilities. Until these conditions have been corrected and adequate deliveries of uniform raw materials can be assured, it is necessary to limit the discussion of these developments. However, if you have a paper problem, write us to make sure you receive samples and data just as soon as they are available.

**NEENAH**  
*Makers of Fine Papers*

NEENAH PAPER CO. • NEENAH, WIS.

than industrial banks and credit  
**• Big Volume Likely**—Loans by the personal finance companies shaded off to an all-time high in 1941 to a low in 1943, then turned up again in 1944. As things look now, loan volume is set new records in 1946 and 1947.

The experience of the two big companies in the field—Household Finance Corp. and Beneficial Industries Loan Corp.—is more or less typical. Household's volume hit \$165,225,000 in 1941, dropped to \$145,159,000 next year, and was back to \$156,079,000 in 1944. Beneficial's record was \$158,125,000 in 1941, a low of \$127,811,000 in 1943, and \$127,520,000 in 1944.

## A.C.L.'s Child

A.B. & C. R.R. loses its identity, is now western division of Coast Line. Improved link in family group seen as result.

Employees of the 640-mile Atlantic & Gulf Coast R.R. awoke this morning to find that they were working for the Atlantic Coast Line Overnight, but according to well-known plans, the A. B. & C. had become A. C. L.'s western division.

Having owned all of A. B. & C. common shares (the road's voting stock since 1926, A. C. L. has retired the line's \$5,200,000 of preferred stock and now plans to spend many millions on improving the property.

**• Family Group**—Implied in the changeover is a closer integration of A. B. & C.'s trackage with the so-called A. C. L. family group, a 12,000-mile rail empire. Roads associated with A. C. L. through ownership, working control, or lease include the Louisville & Nashville, the Western Ry. of Alabama, the Nashville, Chattanooga & Louisville, the Georgia Railroad, and the Atlanta & West Point.

Headquarters of A. C. L.'s new western division are at Atlanta. The changeover has proved fairly exciting news both Atlanta and Birmingham, and the agricultural area served by A. B. & C.'s main line from Atlanta to Brunswick, and the industrial area served by the line from Birmingham which connects at Manchester.

**• Improved Service?**—All concerned have done considerable speculating about what improvements in service may be in prospect. For years A. B. & C. has fitted admirably into the Chicago-Florida passenger picture.

Particularly favored in the past has been the route making use of the Co-



### FOR LONG SERVICE

On Feb. 1, 58-year-old John Charles White, who began "working on the railroad" 34 years ago, becomes vice-president in charge of the New York area of the Pennsylvania R.R., as well as vice-president of the Long Island R.R. He succeeds George LeBoutillier, retiring after more than half a century of service. White started with the Pennsy as chainman in the division engineer's office at Tyrone, Pa., has been on the upgrade ever since. For the last seven years, he has been general manager of the company's central region in Pittsburgh.

Chicago & Eastern Illinois (page 77) to Evansville, the L. & N. to Nashville, the N. C. & St. L. to Atlanta, and then the line that has now become A. C. L.'s western division, with connections at Waycross and Jacksonville for the resorts on either coast of Florida. New Rails Being Laid—Predictions are heard that the Dixie Flagler, pride of the old A. B. & C., may have some distinguished companion trains before long. That the line is not slated for any diminution in importance is emphasized by the fact that 80-lb. rails are giving way to 100-pounders on the Atlanta-Waycross stretch.

It is pointed out, too, that the route is just as well tailored for freight as for passenger traffic.

History—Dating from the early 1900's when, as the Atlantic & Birmingham, it came into being as the result of consolidation of several minor roads, the

## THE NATIONAL CITY BANK OF CLEVELAND

### Statement of Condition

DECEMBER 31, 1945

#### ASSETS

Cash and Due from Banks . . . . .	\$ 96,807,752.27
United States Government Obligations . . . . .	281,139,589.14
Other Securities . . . . .	12,319,974.26
Loans and Discounts . . . . .	105,621,170.24
Investment in Banking Premises . . . . .	1,560,000.00
Customers' Liability on Acceptances and Letters of Credit . . . . .	583,334.79
Accrued Interest . . . . .	1,127,320.04
Other Assets . . . . .	202,635.07
	<u>\$499,361,775.81</u>

#### LIABILITIES

Capital Stock (562,500 shares) . . . . .	\$ 9,000,000.00
Surplus . . . . .	11,000,000.00
Undivided Profits . . . . .	2,294,369.45
Reserves . . . . .	3,004,507.77
Acceptances and Letters of Credit . . . . .	583,334.79
Accrued Interest and Expenses . . . . .	1,071,412.76
Deferred Credits and Other Liabilities . . . . .	1,247,963.78
Corporation, Individual and Bank Deposits . . . . .	\$280,932,486.62
Savings Deposits . . . . .	56,110,040.62
Trust and Public Deposits . . . . .	20,401,565.56
U. S. Government War Loan Account . . . . .	113,716,094.46
	<u>471,160,187.26</u>
Contingent Liability on unused loan commitments . . . . .	\$18,466,364.84
	<u>\$499,361,775.81</u>

NOTE: United States Government obligations carried at \$138,558,967.66 are pledged to secure trust and public deposits, U. S. Government War Loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

*This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.*

**812,100 Shares**

## **Tennessee Gas and Transmission Company**

**Common Stock**  
(Par Value \$5 per Share)

**Price \$12 per Share**

*Copies of the Prospectus may be obtained from such of the following Underwriters as may legally offer these securities in compliance with the securities laws of the respective States.*

**Stone & Webster and Blodgett**  
Incorporated  
**Blyth & Co., Inc.**  
**Mellon Securities Corporation**

**White, Weld & Co.**  
**The First Boston Corporation**  
**Union Securities Corporation**

January 16, 1946.

## **Experience and Ability**

Distribution of large blocks of securities for Estates or Individuals is an important part of our business. *Experience* as to the best method to be used is essential. Equally important is the *Ability* of a firm to distribute through its own organization. During 1945 we distributed through our 23 offices, the following blocks of securities by Special Offerings on the Exchanges or by Secondary Distributions off the board.

6,000 shs.	Allied Kid	2,734 shs.	Walter Kidde
5,970 "	Amer. Box Board	8,000 "	Kroger Grocery
11,000 "	Amer. Gas & Elec.	11,115 "	Minn. Honeywell
9,485 "	Boston Edison	40,000 "	N. E. Airlines
5,825 "	Bos. Herald Trav.	8,400 "	Safeway Stores
8,000 "	Comm. Pub. Service	5,864 "	Tampa Electric
5,000 "	Dewey & Almy Chem.	5,100 "	Underw'd Elliott Fisher
12,000 "	El Paso Nat. Gas	4,000 "	U. S. Smelt. & Ref.
12,144 "	First Nat. Bk. of Erie	3,000 "	Valley Mould & Iron
50,000 "	Greyhound	10,000 "	Western Union "A"

## **PAINE, WEBBER, JACKSON & CURTIS**

ESTABLISHED 1879

Members New York Stock Exchange and Other Principal Stock and Commodity Exchanges

**BOSTON 10**  
24 FEDERAL ST.

**NEW YORK 4**  
25 BROAD ST.

**CHICAGO 4**  
309 S. LA SALLE ST.

A. B. & C. has had a spotty career. It was founded by Atlanta capitalists, it became the Atlanta, Birmingham & Atlantic. The "Atlantic" was changed to "Consolidated" when A. C. L. acquired the property from a receiver.

The road has contributed materially to the wealth of various sections it has served, though its own prewar earnings record left much to be desired.

Promotion of new crops has been one of A. B. & C.'s activities, prompted by the ravages of the boll weevil.

## **Utility Writeoff**

**FPC passes billion mark in disposal of assets under uniform system of accounts. Answers investor criticism.**

The Federal Power Commission announced with pride last week that since Jan. 1, 1937, it has wrung \$1,044,962,880 out of electric utility plant accounts. This is equivalent to 8.5% of the face value of the industry's outstanding securities at the close of 1944. **• Three Over \$30 Million**—The commission passed the billion mark in results from the application of its uniform system of accounts when it approved disposition programs of three Pennsylvania electric companies. Duquesne Light, Pittsburgh, eliminated \$36,903,549; Metropolitan Edison, which serves eastern and central Pennsylvania, wrote off \$31,686,087; and Philadelphia Electric eliminated \$30,943,289.

Thus far, FPC has settled cases under its uniform account system against 127 companies. In the four cases which went to court, FPC has won three, with one pending. Altogether, 299 companies have filed original cost studies.

**• Answers Critics**—When criticized for this activity from the investor's point of view, FPC points to its recent study of the financial condition of the utility industry, which shows that the ratio of utility operating income to utility plant, less depreciation reserve—roughly comparable to the rate of return—stood at 6.6% at the close of 1944. It was 6.2% when activity under the uniform system of accounts began in 1937. During this same period, gross and net plant investment per dollar of revenue dropped, while operating income and depreciation reserve, by percentage of net and gross plant investment respectively, rose.

Sales to and revenues from ultimate consumers rose substantially, while total utility plant rose only slightly and long-term debt and interest thereon declined, the latter substantially.



# C. & E. I. Merger?

Wall Street wouldn't be surprised at consolidation with the Chicago & Eastern Illinois R.R., giving a new Great Lakes-Gulf rail connection.

Despite the wild nature and dubious source of some of the reports, quite a few Wall Streeters who follow the rail market are fairly well convinced that a financial group is making a serious effort to gain sufficient working-control of the Chicago & Eastern Illinois R.R. to make its eventual merger later with another carrier.

**Stock Price Up**—Whether these Wall Street rail experts are correct remains to be seen. Nevertheless, they now feel quite certain that interests closely associated with the Missouri-Kansas-Texas R.R. are behind the recent open-market purchases of C. & E. I. common stock which since the first of the year have helped send the price of that stock from less than \$10 a share to a recent high of over \$15.

Few in the Street ever gave much credence to the earlier grapevine reports that the Louisville & Nashville, Baltimore & Ohio, and even the still-in-receivership St. Louis Southwestern systems were seeking control of C. & E. I. because of plans for utilizing its facilities for entering the important Chicago-St. Louis traffic gateways.

**Logical Move**—Absorption of the 794-mile C. & E. I. by the 3,300-mi. "Katy," which could be made possible by purchases of the former's 343,297 outstanding shares of common stock, would be a logical step. It extends the line from Chicago to St. Louis, Katy's present terminus, and linking of the two would make the latter a system able to offer shippers a new one-road north-south route extending from the Great Lakes to the port of Galveston on the Gulf of Mexico.

There would be other advantages for the merger, too. C. & E. I., which operates a main line that eventually splits up into three fingers (one extending to St. Louis, another further south to Chaffee, Mo., an important traffic interchange point, and the third to Evansville, Ind.), is primarily a soft-coal carrier. Merger with the M.-K.-T. would lessen Katy's normal dependence for traffic on the oil industry and agriculture.

The Evansville line has been an important segment in the exceedingly popular Chicago-Florida passenger service operated by the M.-K.-T.

**Delay Foreseen**—As far as finances are concerned, C. & E. I. is clean as a whistle since it emerged from bank-

**EVERYWHERE YOU GO...**

In factories, machine shops... laboratories, offices... stores and markets... *Everywhere*—Modine Unit Heaters are meeting the exacting heating needs of thousands of industrial and commercial users.

These Modine users know the lasting satisfaction of heating performance at its best—the modern comfort of adequate, automatic, even-temperature heating... the high fuel economy... the low operation and maintenance costs... the longer service life—that only *in-built quality* can insure.

Using the highest grade materials and proven processing techniques, combined with exclusive design advancements—the quality of Modine Unit Heaters is *built in*—as only Modine's more than 29 years of specialized know how can build it in.

SEND TODAY FOR UNIT HEATER BULLETINS

**Modine**  
**UNIT HEATERS**



Look in your phone book for  
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—"Where to Buy It" section.

HORIZONTAL DELIVERY MODEL



**Modine Manufacturing Company • 1740 Racine St. • Racine, Wis.**

# Higher Speed

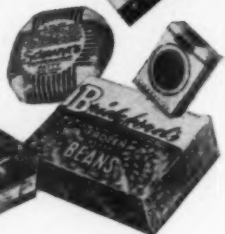
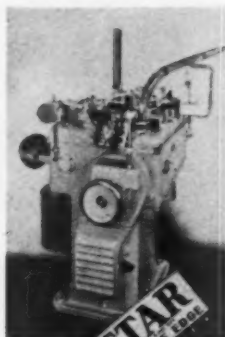
The way to new savings  
in packaging

Some wrapping machines which we are now supplying have twice the speed of the machines they replace. The razor-blade wrapping machine illustrated is an example. It wraps 150 blades per minute in both inner and outer wrapper. Think what a saving this means!

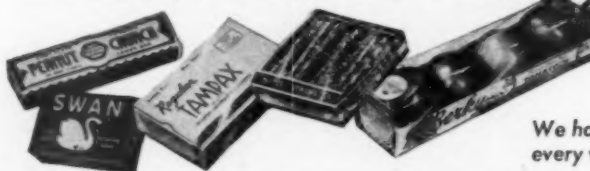
Your product or type of package may not permit such an increase in wrapping speed. But even a 25% or 50% increase means important savings.

Have we a machine for your needs? The best answer to this question is the fact that our machines wrap the vast majority of the country's machine-wrapped products.

Write today for our booklet "Sales Winning Packages"



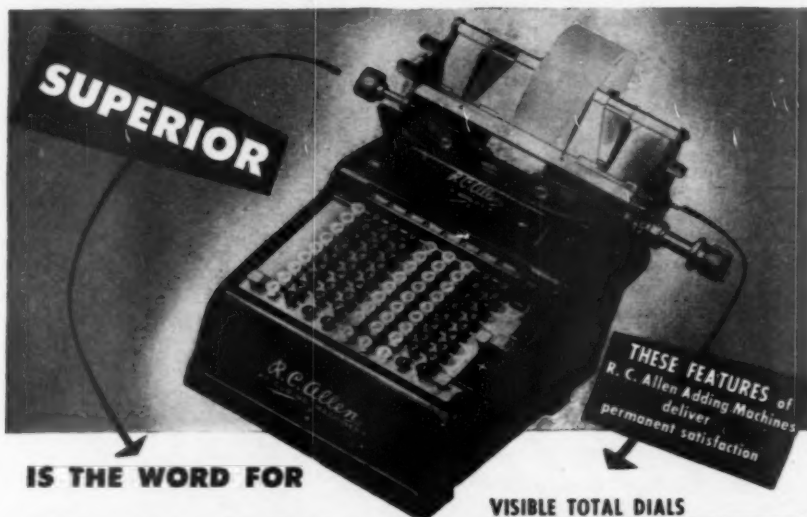
We have a machine for  
every wrapping purpose



PACKAGE MACHINERY COMPANY • Springfield 7, Massachusetts  
NEW YORK CHICAGO CLEVELAND LOS ANGELES TORONTO

## PACKAGE MACHINERY COMPANY

Over a Quarter Billion Packages per day are wrapped on our Machines



IS THE WORD FOR

# R.C. Allen

R.C. Allen Business Machines

ALLEN CALCULATORS, INCORPORATED  
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ADDING MACHINES • CALCULATORS • BOOKKEEPING MACHINES • CASH REGISTERS

ruptcy drastically reorganized only some five years ago.

Katy's financial position, however, is still a bit cloudy despite the profit it has made in rehabilitating its finances with war-swollen earnings in recent years (BW—Dec. 22 '45, p. 68).

For example, despite last fall's \$500,000 payment, Katy still owes 40% of back interest on the same \$13 million adjustment mortgage bonds it now has outstanding. Until this account has been settled, Katy can pay nothing of its preferred stock, holders of which have had no sort of dividend payment since 1931.

Thus, a merger, even if Katy interest obtained working control of C. & E. I., might have to be delayed until the larger system has placed its finances in an attractive enough position to warrant other C. & E. I. shareholders agreeing to a consolidation involving an exchange of stock.

## INSURANCE IDEA PAYS

The time was the fall of '42. One actuary after another took a look at the proposition, and turned it down. The reasons were substantially the same: No company could afford to insure the lives of government employees assigned overseas and still make money at a rate of \$15 per \$1,000.

Government officials behind the idea persisted and, finally, one company—the Equitable Life Assurance Society of the United States—figured that the loss might run to a quarter of a million dollars but that it would be a nice patriotic gesture.

Equitable's decision was the beginning of the War Agencies Employees Protective Assn., a nonprofit organization in Washington. It was designed specifically to offer group insurance to government agencies sending men and women overseas. All would be exposed to the danger of wartime travel by plane or ship, or both.

Results? They brought smiles to the faces of Equitable officials, astounded the insurance trade. Mortality rates were well below normal domestic experience.

Although the lives of some 6,000 such government employees were insured during the 18 months ended last June 30, less than 20 died. Not long ago, members received a 35% dividend amounting to \$250,000, bringing the cost of their insurance down from \$1 to \$9.75 per \$100.

Delighted with this handsome vindication of their idea, association officials—all of whom serve without compensation—have announced their intention of doing business at the same old stand at least through the reconversion period.

# MARKETING

## Hosiery Industry Departure

Hudson Co., leading its competitors in nylon shipments, goes head with re-orientation plans by building its own retail outlets and expanding plant facilities for a new manufacturing process.

To the average woman the wartime appearance of silk and nylon hosiery meant simply more runs and less glau. For the hosiery industry, it in- widespread dislocations of estab- production and marketing prac- dislocations which in some cases carrying over into new, permanent acetime patterns. The current re- orientation of Hudson Hosiery Co. of Charlotte, N. C., is symptomatic of the industry's state of flux.

Hudson ranks perhaps No. 5 or No. 6 among the 500-odd producers of women's full-fashioned hosiery. Like a number of other large companies in the industry, Hudson sold no hosiery under its own name before the war, packaging entire output for sale under the "pri- cipe" brand names of chain stores, de- partment stores, and other mass dis- tributors.

**Change in Policy**—Also like a good many other manufacturers, Hudson saw the industry's wartime upheaval a good opportunity to gain a measure of independence from the big distributors. In 1943 the company began to promote the "Hudson" brand of women's hosiery, using advertising in trade jour- nals and fashion magazines. A good many Hudson accounts were induced willingly or unwillingly) to substitute the Hudson brand for the same maker's private brand. Today the company ranks itself as No. 6 among women's hosiery manufacturers in volume of national advertising in behalf of its own brand.

Up to this point, Hudson's behavior was more or less characteristic of the industry as a whole. But a little over a year ago, Hudson dived into an entirely new enterprise—the marketing of the Hudson brand directly to consumers through retail stores which are Hudson-controlled, although they have a separate corporate setup. News of this undertaking is just beginning to cause comment in the hosiery industry.

**Limited Tryout**—Manufacturer-owned retail stores have been the exception rather than the rule in the industry. Department stores, chains, wholesalers, and other distributors have not looked with favor upon this type of competi-

tion, and in the past their attitude—in an industry with ample capacity and many sources of supply—has discour- aged such enterprises. Manufacturers who have had their own stores (Kayser and Gotham are examples) have con- fined this activity to a handful of out- lets which they have talked up as de- vices for testing merchandising policies

## PICKETS AND PHILANTHROPY

A study in comparison is provided by a picket line in Kansas City (below) and the benevolence of a Cleveland estate which holds offices rent free for tenants in military service. Going a step further than fellow real estate owners in Los Angeles and Salt Lake City (BW—Jan. 12'46, p17), Kansas City apartment house owners called attention to their strike against OPA ceiling prices with union tactics. Meanwhile, J. R. Ho'llander, manager of Cleveland's Rose Building, oper- ated by the Benjamin Rose estate, welcomed back Dr. J. C. Jaynes

and consumer reactions, rather than as real builders of retail volume.

Hudson, on the other hand, al- ready is reported to have a total of 14 stores, now doing business at the rate of \$2,500,000 annually. Trade gossip is that expansion plans won't be complete until the company has a total of some 200 Hudson-controlled outlets, capable of marketing a very substantial part of its output.

• **Further Expansion**—Stores at present are located chiefly in New York, New Jersey, and Pennsylvania in small-town and suburban locations where competi- tion is at a minimum. Forest Hills and Lynbrook, Long Island, and Passaic and Hackensack in New Jersey are typical store sites. Current expansion plans will take Hudson heavily into New Eng- land and the middlewestern states of Ohio, Indiana, and Michigan.

The stores' fast-growing reputation



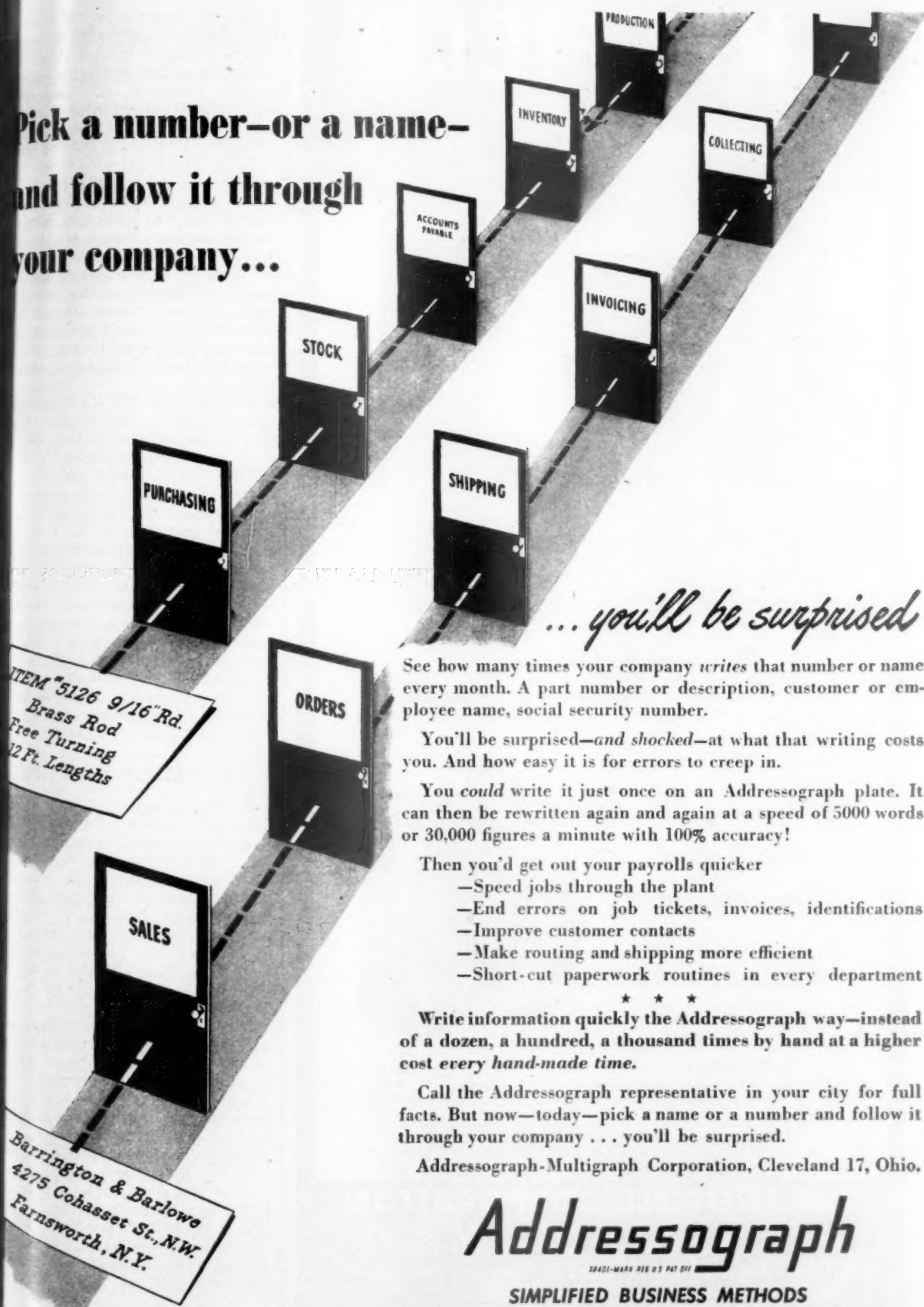
(above) from the Army, one of many tenants who return to find their of- fices and equipment intact.







Pick a number—or a name—  
and follow it through  
your company...



*... you'll be surprised*

See how many times your company *writes* that number or name every month. A part number or description, customer or employee name, social security number.

You'll be surprised—and shocked—at what that writing costs you. And how easy it is for errors to creep in.

You *could* write it just once on an Addressograph plate. It can then be rewritten again and again at a speed of 5000 words or 30,000 figures a minute with 100% accuracy!

Then you'd get out your payrolls quicker

- Speed jobs through the plant
- End errors on job tickets, invoices, identifications
- Improve customer contacts
- Make routing and shipping more efficient
- Short-cut paperwork routines in every department

★ ★ ★

Write information quickly the Addressograph way—instead of a dozen, a hundred, a thousand times by hand at a higher cost *every hand-made time*.

Call the Addressograph representative in your city for full facts. But now—today—pick a name or a number and follow it through your company . . . you'll be surprised.

Addressograph-Multigraph Corporation, Cleveland 17, Ohio.

# Addressograph

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# SHEFFIELD

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### Machine Tools

Micro-form Grinders • Thread and Form Grinders  
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Precisionaires • Visual Gages • Electrigages  
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*All types of Standard  
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CONTRACT SERVICES



prices: the lowest price for chain, slightly higher price for unbranded hosiery marketed through other chain-store outlets, and a top price for branded, nationally advertised stockings. Thus 51-gage all-nylon hosiery has a chain ceiling of \$1.35, an unbranded ceiling of \$1.45, and a branded ceiling of \$1.55.

Because it did not advertise hosiery under its own brand in 1941 (OP criterion for a branded manufacturer), Hudson cannot charge the branded price. The Hudson line is retailed at the chain store price and, in the company's own outlets, at the unbranded price. Pricing policies may change when ceilings are lifted (the chain store price may rise), but Hudson will continue to attempt to match unbranded prices.

• **New Carolina Mill**—Hudson's plans are not confined to distribution. Some time in 1946 a new Hudson mill will go into operation at Shelby, N. C. It will be devoted entirely to the manufacture of "bare-leg," seamless nylon which will use the new type of heel construction patented by Scott & Williams, machinery manufacturers (BW Dec.15'45,p84). Along with the seamless hosiery, Hudson will continue to manufacture full-fashioned, fine-gauge stockings. The company is planning publicity splurge shortly in behalf of new heel construction (its own development) for full-fashioned stockings and the introduction of a full line of graduated lengths, in all sizes, for both full-fashioned and seamless stockings.

### WARD'S BOOK CLUB LINES

By contracting to sell both Doubleday & Co.'s Literary Guild and Dollar Book Club books in its mail-order catalogs, retail stores, and order houses, Montgomery Ward & Co. makes a double comeback at Sears, Roebuck with its Peoples Book Club. Ward now have one book club line priced higher, and one priced lower, than Sears'. The Sears' Peoples books retail at \$1.66.

Ward will handle the books from Doubleday on a commission basis, similar to the arrangement under which the Literary Guild now has some 450,000 department store memberships. The Ward deal marks the first time, however, that the Dollar books have been sold under this type of setup.

The Guild now has 1,250,000 members; the Dollar Book Club, 600,000. Hope is that Ward can bring in another half-million members for the two clubs within the next 18 months. Membership of the Peoples Book Club, launched in July, 1943, totaled over 275,000 at the end of last year.



## Cosmetics Eyed

As Louisiana bans hormone preparations, manufacturers fear further action against their profitable business.

Cosmetic makers are alarmed by the possibility that the manufacture and distribution of beauty preparations containing hormones—a flourishing segment of their business—will be banned entirely, or rendered unprofitable.

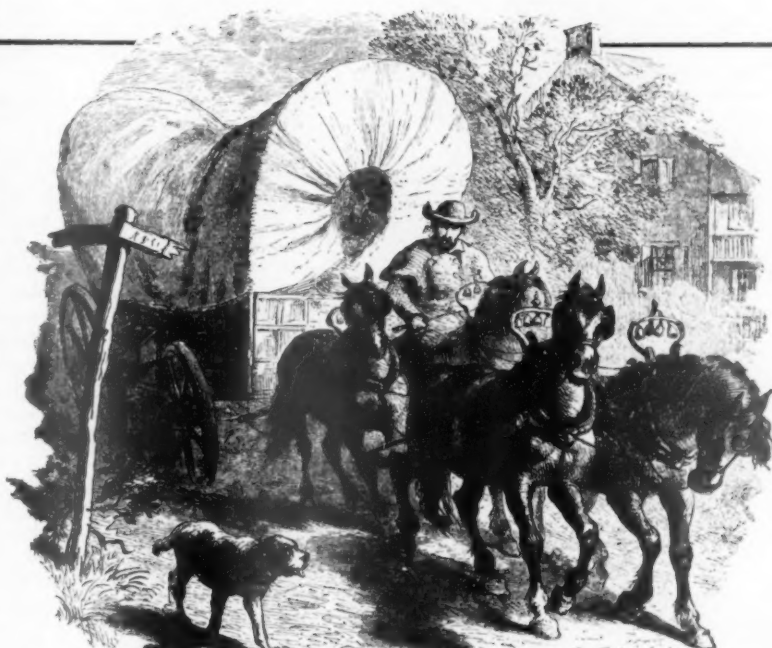
First overt move in this direction has come from the state of Louisiana, whose food and drug law, passed in 1946, is potentially tougher and more comprehensive than the federal law. Under this law, the Louisiana State Board of Health has banned the use or sale in the state of all cosmetics and beauty preparations containing estrogenic or ovarian hormones, any chemical derivatives of the hormones, or any chemical products with similar properties.

**Federal Officials Wary**—Two federal agencies, the Food & Drug Administration and the Federal Trade Commission, have been keeping a watchful eye on hormones for some time now. Cosmetic manufacturers know that both agencies are actively seeking an opportunity to institute a general crackdown. Any such action by FTC would be dictated at false or extravagant advertising claims. FDA's investigation is twofold: (1) to determine whether cosmetics containing hormones are harmful, or potentially harmful, to their users; (2) to decide whether any of the present claims for hormone cosmetics are sufficiently extravagant or misleading to constitute "misbranding" under the federal food and drug law.

FTC would appear to be the logical agency to originate action against hormone cosmetics, for it was FTC that succeeded, several years ago, in banning a somewhat similar product—vitamin-fortified cosmetics—off the market. In 1941, FTC ordered the Hagen-Woodbury Sales Corp. and Hagen's Extract Co. to desist from representing their beauty preparations as "vitamin-fortified" by reason of their vitamin content" (BW—Sep. 20, 1941, p. 30). The two companies did not contest the orders and, as a result, vitamin-enriched cosmetics have generally disappeared from the market.

Possible **Harm Greater**—FTC's principal weapon in the Pond's and Woodbury cases was a paucity of evidence that vitamins, applied externally, are of any value. The cosmetic industry thinks that the commission's greater

## It certainly looks like cheap transportation



Bettmann Archives

## ... but was it?

**BACK** in 1812, it cost 40 cents a pound to ship goods by Conestoga wagon from Boston to Charleston, S. C. . . . a distance of 900 miles. The receiver waited nearly 2 months for his merchandise. Loss and damage in transit was great. The cost per ton per mile was about 90 cents.

Today, on the Erie and other American railroads a ton of freight is moved safely at high speeds for an average cost to shippers of *less than 1 cent a mile!*

What makes the difference? Simply this:

Created and maintained by private investment, your railroads are *mass transportation* . . . scores of freight cars are moved by one unit of motive power. That's why the Erie and other railroads can provide the low-cost, dependable transportation which is essential to our modern standards of living.

## Erie Railroad

Serving the Heart of Industrial America





Official records reveal that an excited watchman ignored two fire boxes while he frantically searched for a telephone. Result: Utter destruction of building!

Unless your Watchman is trained to meet emergencies—unless he is checked by a tamper-proof DETEX Watchclock System to assure faithful discharge of his duties, your plant is in imminent danger. Write today for FREE Watchman Training Manual.



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Sales and Service in All Principal Cities

**DETEX**

WATCHMENS CLOCKS

NEWMAN \* ECO \* ALERT \* PATROL

AMERICA'S MOST VERSATILE DRINK



100  
PROOF  
LIQUEUR

$\frac{1}{2}$  Southern Comfort.  
 $\frac{1}{2}$  Dry Vermouth. Add  
ice. Stir. Strain into  
cocktail glass. Garnish  
with red cherry. Write  
for other recipes.

Next Time Make It a  
**Southern Comfort Manhattan**

**SOUTHERN  
COMFORT**

SOUTHERN COMFORT CORPORATION, ST. LOUIS 3, MO.

caution in approaching hormones stems from the fact that aside from being relatively unexplored, they are likely to be considerably more potent, even when taken (or perhaps absorbed through the skin) in small doses.

The industry notes that Louisiana moved against hormone cosmetics because manufacturers of these products were alleged to be making fraudulent claims to restore sexual youth. The state board of health declared that the amount of hormones found in the beauty preparations was not sufficient to produce any effect.

• **Many Firms in the Field**—Manufacture of hormone cosmetics is not so new a business as might be expected. Sundry hormone-fortified beauty preparations have been on the market for 20 years or so, but there has been a minor boom in the past two years—perhaps partly as a result of the fizzle of vitamins and other cosmetic enrichment devices. Biggest promoter of a hormone cosmetic at present probably is Hirestra Laboratories, maker of "Endocrine," although most of the large houses—including Elizabeth Arden, Helena Rubenstein, and Dorothy Gray—have hormone preparations.

Maine is the only state, aside from Louisiana, with a tough enough food and drug law to ban the sale of hormone cosmetics without preliminary legislative action. Thus far, Maine has shown no disposition for such a crackdown. Recently, Virginia passed a law banning the sale of all hormone products except by registered pharmacists on a doctor's prescription. The law was not aimed at cosmetics, however, and the industry subsequently succeeded in getting an exception made for its products.

## Send It, Please

Union urges housewives to demand prewar standard delivery service, help 800 New York City get jobs.

"Madam, the war is over—why packages?" demanded the Merchant Delivery Drivers & Employees, A. Teamsters Local 804, in paid advertisements in three metropolitan New York papers last week. The advertisements echoed earlier demands in the Federationist (a Savannah A.F.L. paper) and Dave Beck's teamsters in Seattle.

Local 804 charged that department stores in the New York area are letting shoppers carry their own packages, despite the fact that government restrictions on delivery service were lifted last Nov. 1.

• **Waiting for Jobs**—The union says that 3,325 men were employed to make deliveries for 375 stores in December 1941, but only 1,900 delivery men were working in December, 1945, and Christmas help being included in the counts. Now, says the local, 800 experienced men are waiting for jobs would be made available if stores turned to prewar generosity as to size of packages shoppers are encouraged to have delivered. United Parcel Service, Inc., which handles deliveries in most metropolitan department stores except R. H. Macy & Co., and specialty stores, remained aloof from the controversy. Mail deliverymen are C.I.O.

The question of returning to pre-



## TEASER FOR GUM CONNOISSEURS

Wrigley's jackpot question—when will the prewar brands return?—hasn't been answered, but posters plastered across outdoor boards back the company's cards in an indication that the day will be soon. Off the civilian market since 1944, Spearmint, Doublemint, and Juicy Fruit were discontinued entirely in 1945 (BW—Nov. 17 '45, p80) because prewar quality could not be maintained. Next month's plug will be more provocative, though still noncommittal. Bet the guess on the return of the "regulars" is the second quarter of 1946.

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ices, including delivery, has been  
ted in department store circles for  
past two months; some stores are  
ly anxious to retain wartime eco-  
ies to ease the squeeze between  
g prices and rising costs. Some  
out that it is a question of getting  
tional automotive equipment and  
uate packing materials, as well as of  
g more men. Realists in the trade  
e that the question will eventually  
ttled by competition anyway.

**Dairy Agreement**—Amicable settle-  
of a similar situation in the dairy  
stry was completed last week.  
bers of the A.F.L. teamsters' union  
e New York area had demanded a  
n to daily milk delivery last Nov. 1,  
the Office of Defense Transporta-  
s wartime order establishing every-  
day delivery was rescinded.  
the union's principal demand was as-  
surance of jobs for returning veterans.  
was accomplished, in an agreement  
cluded Nov. 4 but made effective  
16, by shifting routemen from a  
day, 48-hour week to a five-day, 40-  
hour week, at the same wages.

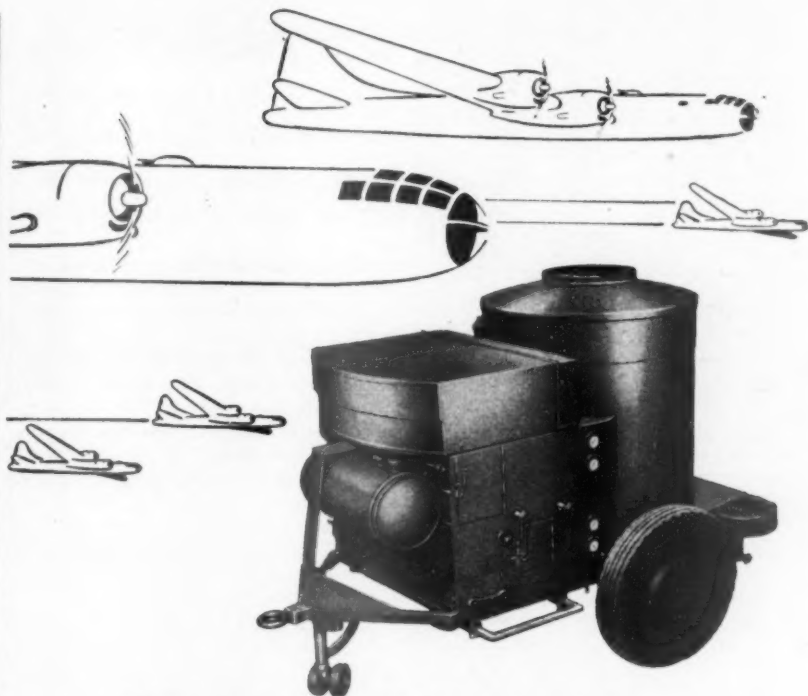
sewhere the issue was also settled  
eably; in some cities, where low  
pay and high commission rates  
ail, routemen prefer every-other-  
day delivery because the greater load  
ed per trip enables them to earn  
er commissions.

## CROSBY'S CONTRACT

the current three-way tussle between  
country's most famous crooner, Bing  
Crosby, his radio sponsor, the Kraft  
Food Co., and the J. Walter Thomp-  
son Co., Kraft's agency, may establish  
legal precedents for the compli-  
cated relations of advertisers, their agen-  
cies, and commercial talent.

Crosby has let it be known that he  
would like to leave Kraft's service. Kraft,  
dishishing a ten-year contract, is seek-  
ing a court injunction to prevent this.  
Among the legal technicalities in-  
volved: (1) Does jurisdiction over the  
contract lie in California (Crosby's  
home), Illinois (Kraft's headquarters),  
New York (J. Walter Thompson's  
office)? If jurisdiction lies in Cali-  
fornia, another point is raised—was  
Crosby an individual employee of Kraft  
or an independent contractor? Under an  
California law, originally designed  
to prevent Mexican farm laborers from  
binding themselves into peonage, no  
contract for an individual's services is  
valid for more than seven years.

If Crosby succeeds in breaking away  
from Kraft, he is almost certain to sign  
with American Tobacco Co. (Lucky  
Strike). American's advertising agency,  
McCormack, Cone & Belding, has had close  
personal relationships with Crosby.



## Stomach Pump for a Superfort...!

You tow it with a jeep. Fly it in a transport. It's the Mobile Oil Clarifier that pumps dirty oil from aircraft power plants, filters it clean, and returns heated oil at the proper temperature so that no time is wasted in warm-up. Even the largest ships can be serviced within twenty minutes.

### A SUCCESS FROM THE FIRST

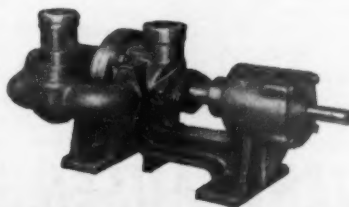
Many hundreds of this "MC-3," a brain child of the African campaign, have been built by Briggs Clarifier Company of Washington, D. C., and equipped with R & M Moyno pumps. Oil temperatures may go as high as 210° F., and at times the oil is cold, yet the Moyno handles it swiftly, surely—stands up under sharp abrasives. Moynos have no pistons or valves, no high internal turbulence; use no portion of the housing as sealing surface. They pump virtually everything from free-flowing liquids to non-pourable pastes.

### THE MOYNO CAN SERVE YOU

Send for our new book, "A Turn for the Better in Positive Pumping." And ask us, too, about electric motors, hoists and cranes, industrial ventilating equipment, and compact speed-change machine drives. Robbins & Myers, Inc., Springfield, Ohio. In Canada: Robbins & Myers Co. of Canada, Ltd., Brantford, Ontario.

### No Other Pump Like This!

This is the Moyno used on the Briggs Clarifier. It has a built-in by-pass which prevents higher pressures than desired. Moynos are self-priming, reversible, resist acids and abrasives, pass particles, discharge without pulsation in pressures as high as 1000 psi. Types for every service.

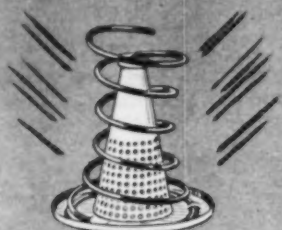


## ROBBINS & MYERS, Inc.

FOUNDED 1878

MOTORS · HOISTS · CRANES · MACHINE DRIVES · FANS · MOYNO PUMPS





## THE SPRING THAT

**LAUNDERS**

## ENGINE OIL!



The DeLuxe Oil  
Filter uses a  
**MUEHLHAUSEN  
SPRING**  
to assure  
continued cleansing  
of oil

"The backbone of the DeLuxe Oil Filter Cartridge"—is how DeLuxe Products Corp. terms this spring. Cotton is a fine oil cleansing material. Yet it compresses when oil is fed through it, stopping oil flow. DeLuxe uses this spring to maintain uniform density of the cotton cartridge and guarantee correct rate of oil flow.

A filter is an unusual place for a spring, but then you will find Muehlhausen Springs in many unusual places—indicating a diversity of experience.

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Division of Standard Steel Spring Company  
775 Michigan Ave., Logansport, Indiana

To improve product performance, use

# MUEHLHAUSEN

**Designed**

# SPRINGS

## SPA Resale Policy

Exclusive repurchase by manufacturer is permitted only in "most unusual circumstances" but fair trade wins recognition.

"Only under the most unusual circumstances, such as danger to public health or safety, or damage to a manufacturer's good name or jeopardy to his market, will the government consider selling surplus items back to the original manufacturer exclusively."

This is the closest that the Surplus Property Administration has come to a declaration of policy on the resale of surplus goods to original manufacturers. The pronouncement came recently when SPA rejected the proposal of the Lektrolite Corp., New York City, to buy back 666,000 lighter kits.

• **Trademark Considerations**—The question is one that primarily concerns the manufacturers of trademarked, price-maintained products. They have been pressuring SPA to sell back such items to them so as to keep them in "normal trade channels," one of the stated objectives in the Surplus Property Act.

After some vacillation, the SPA has stood off the manufacturers on exclusive resale of surplus to them, but last week, in connection with disposal of \$3,000,000 worth of toiletries, it did recognize resale price maintenance as a factor in the distribution of this sort of product. The toiletries have been offered for sale, first to federal, state, and local agencies, and to veterans; then to trade buyers, if any stocks remain.

• **Fair Trade Specified**—As a concession to the trade, for what it may be worth, buyers are informed that the products are "to be resold under fair trade agreements only. Many of the items listed are products which have been included under fair trade agreements which specify minimum resale prices. The purchaser is not relieved of his responsibility under their terms."

This notification means merely that where a governmental agency or other buyer offers the products at retail, the sale is subject to the fair trade law of the state in which the transaction occurs. SPA does not consider that it has any responsibility for enforcing state fair trade laws.

• **Instances of Resale**—An example of the type of product which SPA feels should be resold to the original producer is the stock of surplus benzedrine sulphate tablets from military medical supplies, recently turned back to Smith, Kline & French of Philadelphia, at its original price to the government. SPA

said it had been advised by the Food & Drug Administration that distribution of the tablets would be extremely dangerous if they were not repackaged for use under medical supervision.

Perishable food items, including candy and nuts bought for sale through post exchanges, have also been sent back to the original processors, on the theory that inspection and possible conditioning might be necessary.

## Back to Film?

Newspaper reports that Standard Brands will distribute and process photographic film are discounted in the trade.

Manufacturers and distributors of photographic film were surprised last week when the New York Times printed a report that Standard Brands, ranking grocery manufacturer and distributor (Fleischmann's yeast and other products, Chase & Sanborn coffee, Royal baking powder and dessert mixes) would shortly get into large-scale distribution and processing of home movies through retail drug stores. Standard Brands' film business, reported by the Times, would be handled through Strong, Cobb & Co., pharmaceutical subsidiary acquired in 1943.

General inclination in the trade largely to discount the Times' report being, at the least, premature.

• **Worried the Druggists**—Shortly before the war, Standard Brands created a small sensation by distributing films through grocery stores and setting up a separate organization to develop them (BW Sep. 21 '40, p. 32). Sniffing a potential wide-scale diversion of the profitable film business to their arch-rivals, the grocers, retail druggists viewed the development with alarm.

Perhaps partly as a result of the druggists' agitation, Standard Brands did not get film directly from the big manufacturers, depended on jobbers for supply of Eastman and Ansco film. And as the war brought an increasing acute film shortage, Standard Brands finally eased out of the business. The company's developing plants now do limited amount of developing for druggists.

• **General Foods, Too?**—With film so scarce, manufacturers are too busy turning out enough to supply their established dealers to be looking around for new accounts—certainly for distributors the size of Standard Brands. If the company makes a deal with a film manufacturer, the arrangement might be contingent on Standard Brands selling

ough drug stores and other estab-  
lished film outlets.  
Meanwhile, reports persist (and are  
repeatedly denied by company officials)  
that another big food manufacturer,  
General Foods, may get into the film  
distributing and developing business.

## NYLON RATIONING

The 14 Memphis department stores  
and specialty shops which allied in a  
hosiery rationing plan a few weeks  
ago have found it successful in prevent-  
ing the near-riots that have taken place  
in other cities.

The only Memphis hosiery disturb-  
ance was staged last week by eager  
men attempting to force their way  
into a small hosiery shop which had ob-  
tained a shipment of nylons. This shop  
was not joined in the rationing plan.

About 420,000 rationing coupons  
were returned to the Memphis stores  
and being printed once in each of the  
local newspapers. "Reasonably accurate  
similes" sent in by some women were  
thrown out. A woman was permitted  
to mail as many real coupons as she  
could get, so some duplication resulted  
in women's canvassing their neigh-  
borhoods for extra coupons.

The coupons were numbered in the  
hundreds received and customers are noti-  
fied as hosiery becomes available. The  
stores have received only a comparatively  
small amount of merchandise so far.

S.

Most of the specialty shops, chain  
store outlets, and other retailers in Hart-  
ford, Conn., are not going along with  
plans of the city's five big department  
stores to remain closed on Mondays  
(W-Jan.19'45,p77). . . . With the  
aid of its slaughterhouse at Scotts  
Bluff, Neb., Kroger Grocery & Baking  
Co. is now out of the meat packing busi-  
ness entirely. . . . Action of Remington  
and in slashing salesmen's commis-  
sions points up an acute problem now  
being practically all firms employing  
salesmen: Slim margins during the re-  
conversion period plus the fact that, in  
most lines, goods will all but sell them-  
selves would seem to dictate a little  
trimming of commissions. But—and  
this is a big but—all signs point to an  
acute shortage of trained salesmen for  
many years to come; hence liberal treat-  
ment and good pay may be necessary  
to build up sales forces for the future.

Department stores' January "white  
sales," so named because they have tra-  
ditionally promoted sheets, towels, and  
the like, are featuring everything else  
this year. Shortages of linens have re-  
sulted in a big play on mops, brooms,  
household cleansers, and the like.

"Yes sir! We have  
steel ready for your  
reconversion  
needs...

*-call us"*



OUR present stocks include all standard grades and sizes of U·S·S  
Stainless Steels, and a complete line of Carbon Steel Products.  
These stocks are being increased as rapidly as circumstances per-  
mit. Our aim is to have the widest possible variety of materials on  
hand to help you speed reconversion efficiently and resume peace-  
time production quickly.

When you need steel, steel products, tools, equipment or  
machinery, get in touch with the nearest of our nine warehouses.  
They are located in key manufacturing areas, and deliveries can be  
made quickly to any point. If it should happen that an order can-  
not be filled by one warehouse, it usually can be shipped promptly  
from another.

Every order and inquiry, whether for a pound or a carload,  
receives courteous attention and prompt action.

{ EVERY SUNDAY EVENING, United  
States Steel presents *The Theatre  
Guild on the Air*. American  
Broadcasting Company coast-to-  
coast network. Consult your  
newspaper for time and station. }

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CHICAGO (90), ILL. • BRUNSWICK 2000  
BALTIMORE (3), MD. • GILMOR 3100  
BOSTON • ALLSTON 34, MASS.  
STADIUM 9400  
CLEVELAND (14), O. • HENDERSON 5750  
MILWAUKEE (1), WIS. • MITCHELL 7500

NEWARK (1), N. J. • BIGELOW 3-5920  
RECTOR 2-6560 • BERGEN 3-1614  
PITTSBURGH (12), PA. • CEDAR 7780  
ST. LOUIS (3), MO. • MAIN 5235  
TWIN CITY • ST. PAUL (4), MINN.  
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## at your finger-tips!

With JOMAC Industrial Work-Gloves, you've got flexibility right down to your finger-tips! What's more, you've got safety . . . constant, unfailing . . . no matter how tough the job!

There's a reason for JOMAC's superiority. Its extraordinary fabric is "loop-finished," with hundreds of "air-cell" cushions *lock-stitched* into place. JOMAC Industrial Work-Gloves are *made for longer wear* . . . they give up to 7 times the wear of ordinary work-gloves!

When you look for flexibility, safety and long-life in a work-glove, look to JOMAC, the work-glove that makes friends with workers and production men alike! C. Walker Jones Co., 6135 N. Lambert St., Phila. 38, Pa.



# LABOR

## Glass Strike Ends

In a week of growing industrial tension, a compromise permits the resumption of safety glass manufacture.

Settlement of the three-month-old strike of 15,000 C.I.O. laminated plate glass workers, with a compromise pay increase of 10.7¢ an hour and an additional 7¢ an hour for mechanical maintenance workers, this week removed one of the principal bottlenecks in automobile production (BW—Dec. 1'45,p106). It also wrote an end to the argument that automotive manufacturers were taking a firm stand in the current wage controversy because they could not produce cars for their dealers until safety glass became available again.

Members of the Federation of Glass, Ceramic & Silica Sand Workers struck Oct. 22 in twelve plants of the Pittsburgh Plate Glass Co. and the Libbey-Owens-Ford Co., after original wage demands, amounting to 25¢ an hour, were refused. The compromise, proposed by the companies through the U. S. Conciliation Service of the Dept. of Labor after a series of conferences in Washington, included a clause which permits the union to reopen the wage issue before expiration of the new contract.

• **Even Break**—The settlement reached through give-and-take collective bargaining came as the one bright spot in mounting labor unrest (page 16). It was the outcome of the whittling down of

demand and raising of offer positions as both sides in the controversy became fretful over prolonged inactivity. The union's demand was dropped in successive stages to 12.7¢ an hour and the companies' offer was raised gradually to 8¢ an hour. The eventual settlement at 10.7¢ virtually split the difference to get work moving again.

Some laminating and preparing workers were recalled to their jobs immediately after announcement by the C.I.O. union that the companies' compromise was acceptable. But because of technical difficulties, there was little expectation that quantity production could be resumed before Feb. 1.

## ANTISTRIKE LAW DEFIED

Minnesota's State Labor Relations Law (BW—May 6'39,p20), which requires a ten-day strike notice and 30-day cooling off period before a work-out can be ordered, received its first major challenge this week when all but one Minnesota local of C.I.O. meat packing house workers struck without compliance with the state law. The Duluth local voted against striking until state requirements had been met.

Previously, C.I.O. steelworkers in Minnesota had their strike deferred Feb. 10 on orders from the union's Washington headquarters, to permit compliance with the state law.

The packing house workers' defiance of the law was based upon a contention that the meat strike is a national affair arising out of a master contract be-

## FOR PEACEFUL PICKETING

From the shoulders of his constituents, Leslie O'Rear, field representative of C.I.O.'s packing house workers at Swift & Co.'s Kansas City (Kan.) plant, uses persuasive tactics to open C.I.O. picket lines to independent workers. This is part of C.I.O.'s strategy—not always completely successful—of guarding against adverse public opinion by maintaining peaceful strikes and avoiding "incidents," and is a union objective in the meat packing, steel, electrical manufacturing, automotive, and other disputes in which nearly 1,500,000 C.I.O. members were involved at midweek.





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# Anybody else want to bet against the Weather Man?

Teamed up with Western Union,  
 the Weather Man hits the nail on the  
 head better than 85% of the time.

"Mad as a wet hen!" . . . We all,  
 times, forget the weather forecast  
 don't believe it. But weather can  
 be a far more serious matter than an  
 occasional wetting.

Remember the "old-fashioned  
 winter"? A sudden blizzard . . . and  
 roads were blocked for days, wires  
 down, business stopped, fire bells peal-  
 ing "no school this morning!"

It's a different story today: Over  
 Western Union wires, forecast data is  
 rushed to Weather Bureaus every min-  
 ute of the 24 hours. Miles . . . hours  
 away, the infant blizzard is discovered.  
 Experts map its growth and course,  
 ample warning.

"BLIZZARD!" At once, emergency  
 crews and equipment rush to keep  
 highways, tracks and wires open.  
 When the storm strikes, every kind of  
 business has taken counter-measures.  
 Perishables are under cover . . . food

distribution is adjusted . . . merchants  
 are advertising hand lotion and ski  
 togs. Life can carry on, thanks to  
 modern weather warnings.

75 years ago, Western Union helped  
 to form the nation's Weather Bureau.  
 Today, a vital part of the Bureau's  
 data reaches forecasters via Western  
 Union. A vast Teleprinter circuit per-  
 mits automatic, instant distribution of  
 data to weather stations and airports  
 . . . totaling about the same as five  
 million telegrams every day. Resulting  
 forecasts score 85% to 90% accuracy.

For nearly 100 years, Western Union

has been pioneering in communica-  
 tions. Recent Western Union develop-  
 ments in automatic telegraphy and  
 electronics foreshadow a new era in  
 the transmission of the written word.  
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 York 13, N. Y.

**WESTERN  
 UNION**



# THE LABOR ANGLE

## Legislation

The mood of Congress being what it is, the possibility of enacting some basic labor legislation is greater than it has been for almost a decade. Yet presented as it may now be with the opportunity it has long sought, business, through its labor relations experts, is not sure it knows what to do with it.

Employers, with almost no exception, subscribe to the legislative philosophy expressed by, "Amend the Wagner Act," and "Make the unions more responsible." These were useful slogans while political circumstance held business out of legislative counsels so far as labor laws were concerned and confined it to the role of critic. But the problem of how to translate these slogans into statutes which correct the abuses sloganized without making things worse breaks up employer unanimity very quickly.

## Panaceas?

Only the most sanguine believe any longer that there is some legislative panacea which can be drafted and which can establish balance and peace on the labor front. Most of the people who once believed that have been disenchanted by the operation of the Connally-Smith War Labor Disputes Act. When that plan failed—when, indeed, it created new problems and handicaps for employers—a lot of faith which had been reposed in the legislative process as the device for handling labor was irretrievably lost.

Abandonment of interest in labor legislation did not follow—the arrogant unions could still have meted out a measure of their come-uppance through law—but it was redirected. Lip service was still paid the old cliché, that it was better to deal with—and, therefore, that industry wanted—strong unions rather than weak ones, but it had become clear that strong unions could pervert the purpose of legislation affecting them.

## Decertification

But where the question of how the unions could be weakened was raised, there were no ready answers to be found. Internal reforms—regular financial accounting, demo-

cratic elections, secret balloting—could conceivably embarrass a section of union leadership but it would not appreciably affect a union's bargaining position and economic power. Decertifying a union as bargaining agent under the Wagner Act because it engaged in wildcat strikes would only reestablish the pre-Wagner Act pattern under which the strike was the standard tool for achieving union recognition. And besides, Frederick Crawford, managing Thompson Products, and Sewell Avery, presiding over Montgomery Ward, had conclusively demonstrated that the employer who was really determined to resist unionism and pay the price could beat the Wagner Act.

Even the simplest and most direct method for reducing the power of organized labor—by making it illegal to require union membership as a condition of employment—did not promise unmixed advantages. Incidents of the preunion security period were still vividly recalled—the dues-collecting picket lines, the violent altercations undermining discipline within the plants, the unceasing membership drives that played up every minor grievance, and the constant union struggle to establish "security" kept employee relations unstable. Indeed, some management men earnestly contend that union security will lead to a softening up of the unions, a less militant leadership, more tranquil labor relations.

## Conclusion

The principal remaining line of possible legislation, outlined in the Truman fact-finding proposals, has already met a sour management reception. Employers know that a bayonet will not mine coal nor a bench writ pour steel (so much for the cooling-off-period idea) but a subpoena will open corporation books and records.

Thus a section of thoughtful management has reluctantly concluded that any new labor legislation is undesirable, that the solution of the acute labor problems now besetting industry is not to be found in law, and that any abiding contribution toward a better working relationship between unions and employers cannot be made by Washington, no matter who writes the ticket.

with major packers in Chicago, and involving no local dispute subject to state jurisdiction.

Gov. Edward J. Thye declared the strike as a violation of the state law and announced that employers could seek injunctive action against strikers in the state courts. At midweek, there was no indication that packers were more interested than the union in making the strike a state issue.

## Inherited Rights

Ex-servicemen claim jobs in mines as birthright, halt production with picket line. Conferences seek solution.

Work was back to normal this week in the Panther Valley section of the Pennsylvania hard coal fields after truce was reached in what perhaps was the nation's strangest current labor dispute, albeit a forerunner, it has been predicted, of many others like it. Anthracite production was halted by a demand by job-hunting ex-servicemen for employment in mines in which they never had worked, and refusal of 7,500 United Mine Workers members to pass through the veterans' picket lines. The stoppage ended only when employer U.M.W. officials, and veterans agreed to seek a solution through joint conferences.

• "Outsiders" Still Employed—Basis of the veteran's claim for jobs was the fact that they were natives of the Valley and mostly sons of miners, with "an inherited right to be miners" in collision in the Lansford-Tamaqua-Coaldale-Greenwood area. They were drafted into military service before they got jobs, and to fill manpower needs of the mine some 500 miners were brought in from outside the Valley. The "outsiders" still are employed, and as a result, according to the veterans, the native sons either will be jobless or must leave the Valley.

Companies, the union, and the community are in sympathy with the veterans, but were stymied on a solution. Under U.M.W. seniority rules, the imported miners can't just be given the walking papers. As long as they are dues-paying U.M.W. members, they are entitled to hold their jobs. And they have shown no inclination to relinquish that right despite pressure from older miners. Six weeks ago U.M.W. local in the Valley passed resolutions calling on all men who came into the Valley after Jan. 1, 1940, including business men who set up shops, to leave town by Jan. 1, 1946. None did.

# 2 drafting room techniques

*that save time, labor, and dollars in the office!*



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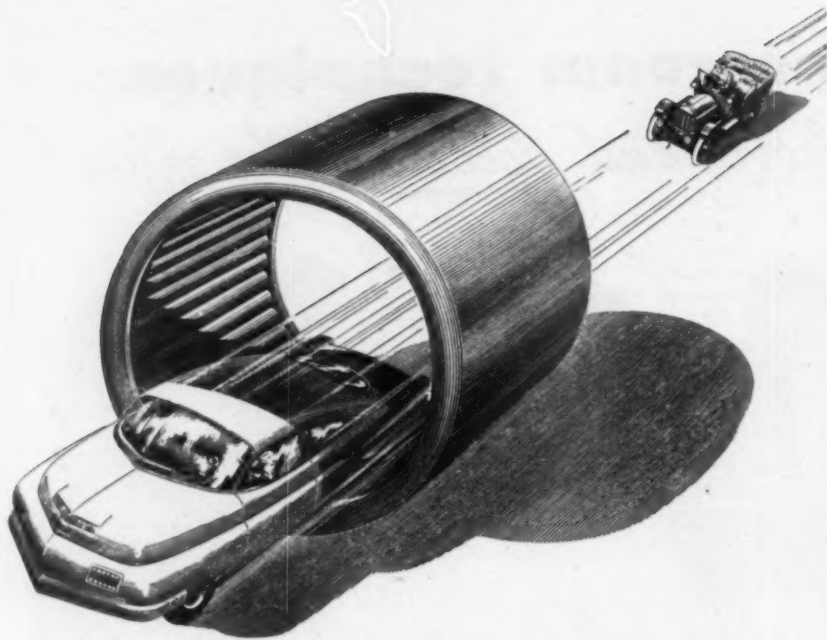
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DIVISION OF GENERAL ANILINE AND FILM CORPORATION  
JOHNSON CITY, NEW YORK

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That's what Torrington Needle Bearings are doing —by providing anti-friction advantages and lowering costs all along the line...

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Assembly and housing costs are low: the bearing's unit construction facilitates handling and speeds assembly; and only the simplest housing is required—a bore machined to proper dimensions.

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# TORRINGTON NEEDLE BEARINGS

## Profits Shared

Eric Johnston's plan letting employees also have part in management is seen move to avoid labor issue.

Many management men who shied away from profit-sharing in the past are showing fresh interest in the idea as a possible alternative to more drastic proposals of labor. The plan which Eric Johnston, president of the United States Chamber of Commerce, recently instituted in his Washington State enterprises provides a particular focus of interest, although some observers are inclined to discount its significance as a formula for peace because of the relatively small number of employees involved—only 400 in all.

• **Survey of Other Firms**—Johnston's plan resulted from a year's study conducted at his request by managers of Johnston's Washington Brick & Lumber Co., the Brown-Johnston Co., and the twin Columbia Electric & Mfg. Co.

Visits were made by the management to a number of eastern firms operating with plans which gave employees a larger voice in management and a substantial share in profits. Included were the Nunn-Bush Shoe Co. of Milwaukee (BW—Mar. 7 '36, p. 14), the Johns-Wax Co. of Racine, Wis., and McCormick & Co. of Baltimore, large spinners and tea processor.

• **Access to Books**—The McCormick "multiple management" plan was followed. Under this plan junior advisory boards—initially made up of seven members appointed by Johnston for six-month terms, subsequently to be elected by employees—were set up in the various plants. These boards are charged with advising on labor relations; they have access to company books and can discuss with entire frankness any phase of the company's business; by unanimous vote they can make recommendations to the senior management board or to plant managers directly. Management, however, reserves the right of veto.

Junior board meetings are set out of working hours once a month. Members receive \$2 a meeting for attendance and become eligible for greater shares in Johnston profit-sharing.

• **To Share 25% Profits**—The profit-sharing plan inaugurated with the management formula differs from the eastern pattern, and varies on minor details in the different plants. Basically it provides that there shall be an annual 25% division of profits (net, before taxes and dividends) to employees in parties held at company expense.

“appropriate ceremonies” by management. Eligibility includes a year's employment. Claims are forfeited upon termination of employment, and subsequent re-employment does not restore participation rights without a year's employment.

Under the unit plan, salaried employees are allowed one unit for each year of annual compensation; one unit for each year of service; five units for service on the junior board; five units for advisory work; and 25 units for duties of department managers. They share a share in the profit melon in the proportion that their point scores bear to the aggregate.

**Age Increase Also**—Johnston emphasized in his announcements that the profit-sharing plan is no substitute for wage increases.

Management said that neither junior nor profit-sharing conflicts with the contracts of A.F.L. unions of electrical workers, plumbers and steamfitters, teamsters and warehouse workers, metal polishers and platers, and machinists. Company spokesmen said business agents and officers of the various unions have approved the plans. Significantly, however, official union comments have been sparse.

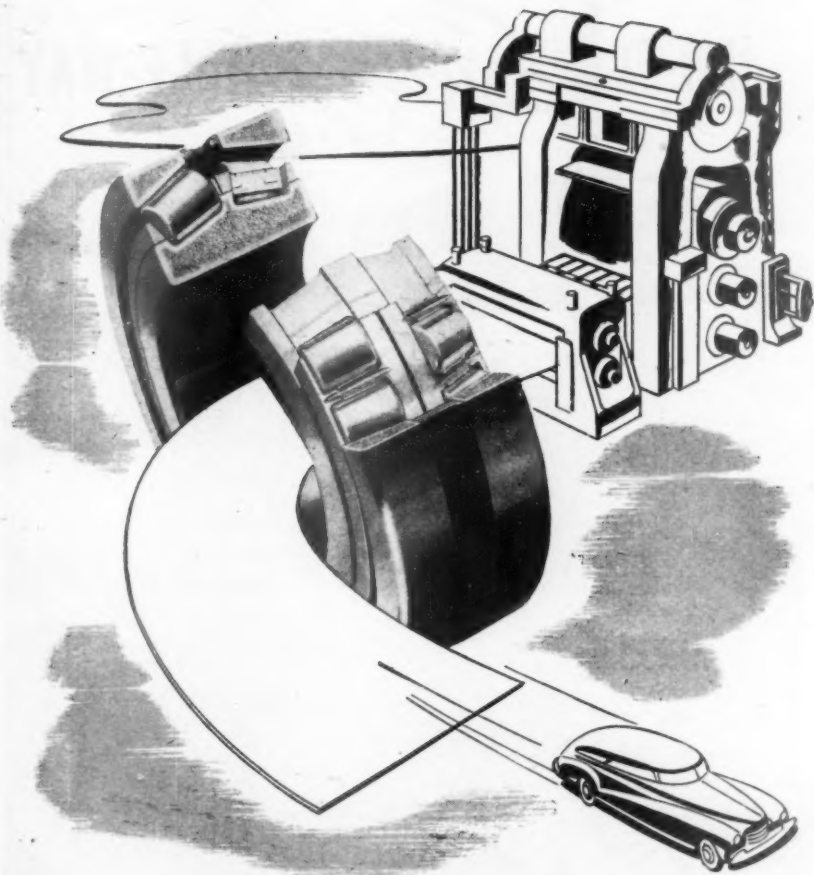
## Fishing Fleet Idle

Serious threat to \$30 million fishing industry looms as owners and fishermen quarrel over division of earnings.

Housewives seeking substitutes for fish dishes because of the packing workers' strike (page 99) found assurance of supplies when they learned fish markets. A virtual shutdown of the important \$30 million fishing industry in Boston (BW—Dec. 16 '44, resulting from a labor dispute now in its second month, was causing a sharp cut in seafood supply.

**Strike or Lockout?**—What is described as a fishing boat owners' strike, and an A.F.L. fishermen as a “retaliatory lockout,” began quietly in Boston last week, when 34 fishing trawlers were ordered to stop after union fishermen demanded operators of three new trawlers to give crews a 60% share of earnings instead of the 50% now paid. Within a week most draggers—another fishing boats—had been tied up in support of the owners.

By mid-January more than 5,000,000 pounds of fish had been lost to Boston fishing companies, New England freezer plants were running low, and Army pur-



## FASTER SHEET STEEL PRODUCTION THROUGH TORRINGTON BEARINGS

The greatest pent-up demand in history for civilian goods—automobiles, refrigerators, stoves... luxury and necessity alike, has emphasized the trend towards more efficient methods and ever-increasing speed in the production of sheet and strip steel.

Greater production speeds naturally mean more exacting requirements on machinery. That's why the efficient, long-life operation of Torrington Bearings makes them the outstanding choice for a wide range of steel mill applications, as well as a great variety of uses in other industries, such as oil, paper and construction... where ruggedness and minimum time out for maintenance are of paramount importance.

The problems of friction which arise in the machines you design, build or operate may be solved in consultation with our engineering department. Torrington's Bantam Bearings Division has had years of specialized experience in the design and construction of large, heavy-duty bearings for routine and unusual jobs.

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## TORRINGTON BEARINGS

STRAIGHT ROLLER • TAPERED ROLLER  
NEEDLE • BALL

# MEET *Spring* HALF-WAY

**W**INTER clings to the North but the sun beats down, azaleas bloom, putts roll true and fish bite hard along the South-land routes of Delta. Meet Spring on the way, with a flight on Delta. It's the ideal mid-season vacation; it turns the toughest business trip into a pleasure.

General Offices:  
Atlanta, Ga.

## Delta

AIR LINES

chasing officers had been unable to current orders filled.

• **Long Tie-Up Likely**—After a state conciliation move, ship owners affiliated as the Federated Fishing of New England & New York, A.F.L. fishermen appeared in agreement on only one thing—that the stoppage probably will be a long one.

As far as owners were concerned, the fight was shaping up as a showdown with the union. A strike six months lasted five weeks and cost 6,000,000 of fish. According to Thomas Rice, the owners' federation, the recurring labor dissension is throwing the Boston industry into complete chaos.

• **Costs Higher**—The A.F.L. fishermen answer that companies are making enough profit to permit the increased division of earnings. Under the present 50-50 sharing, crews pay for such things as ice, oil, and food, while owners cover ship repairs and upkeep, insurance, depreciation, a 10% bonus to captains and shore costs. The union contends that fishermen no longer are able to make their former take-home earnings.

Although the union did not ask for an extension of the 60-40 plan to boats not ready in the fleet, limiting its demands to new trawlers, there was no doubt that other operators would face the same demands later.

### COMPENSATION PRECEDENT

A Publicker Alcohol Co. employee who was fired after making charges that the firm was spending government money unnecessarily last year won a Pennsylvania Superior Court decision entitling him to idleness compensation which had been denied him by the State Unemployment Compensation Board. Denial had been on the grounds that the employee had provoked the dismissal in a way that amounted to voluntary relinquishment of the job.

Sitting at Philadelphia, Judge Charles T. Reno ruled that the benefits of the Compensation Act must not be denied "by fanciful, strained, unnatural, tortured, or mere technical construction."

William H. McFarland, employee of the Publicker from July 4, 1944, to May 1945, had accused the company of needless expenditures in the purchase of fighting equipment. His charges were later proved unwarranted in an investigation by the Defense Plant Corporation, the city fire marshal.

Judge Reno said the testimony revealed that an employee entrusted with safety measures had performed his duties with an excess of zeal which considerably amounted to interference in matters not within his scope, and that this conduct he was discharged as subordinate.



## Nation Idles Down

With 1,650,000 maintaining the longest picket line in our history, industry faces fact that end is not yet in sight.

The nation this week staggered under an unprecedented burden of 1,650,000 workers on strike, but the figures longer were an accurate index to the industrial paralysis that was setting in. Effects of the shutdowns were rippling out in ever-widening circles at a flood could be counted on to be 34.7% of the factory work force, 3,448,000 wage earners (page 16). Most dramatic of the strikes wreaking havoc on the normal economic processes of America at midweek was the steel strike. In other industries the strike scene showed:

**Automotive**—Continuing negotiations between Ford Motor Co. and C.I.O.'s United Auto Workers kept hopes alive for a settlement of their wage dispute, narrowed to a 2¢ difference between a Ford offer of 17½¢-an-hour raises, and A.W.'s demand for 19½¢, the recommendation of fact-finders in the General Motors strike case. Ford demands for company security guarantees still are very much a part of negotiations. At G. M., union demands were lifted to the original 30% figure after the corporation ignored a one-week grace period given by U.A.W. for acceptance of the fact-finding recommendation of the 19½¢ raise, about 17½%. The union and G. M. now would have to settle on the higher figure to make up for strike wage losses of its workers. So far, estimated losses for 175,000 strikers, now out for the ninth week, were estimated at between \$62 million and \$72 million.

**Meat Packing**—The government's biggest seizure to date—of strikebound meat packing plants of Swift, Armour, Wilson, Cudahy, and Morrell—was constructed on to get meat production up to nearly normal in another week, but did not finally solve the issues in their wage dispute. The unions (C.I.O. and F.L.) were asking 25¢ hourly increases but said they would compromise for 17½¢ more immediately and negotiate the remainder. Some minor contracts, however, have been settled on basis of 15¢ raises.

The highest company offer before the seizure announcement was Swift's 14¢. Fact-finding panel hearings were under way, but companies made clear they would not be bound by any recommendation unless accompanied by price relief fully commensurate with

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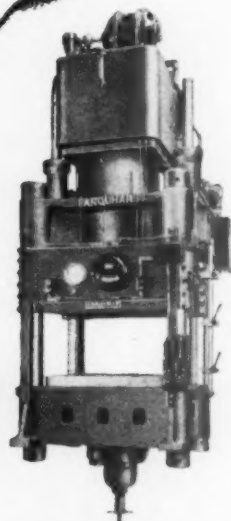


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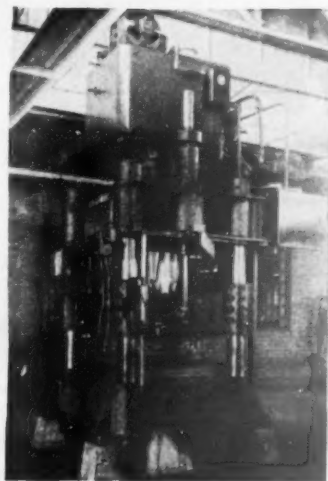
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the proposed percentage increase. Estimates placed the wage losses of total 265,000 packing house strikers nearly \$12 million at midweek.

• **Electrical Manufacturing**—Into the hands of William H. Davis, former National War Labor Board chairman, and Arthur S. Meyer, New York State Mediation Board chairman, named Secretary of Labor Lewis Schwellenbach as special mediators, went the seemingly hopeless task of quick settlement C.I.O. electrical workers' strikes at General Electric, Westinghouse, and General Motors electrical division.

The 200,000 workers on strike (an estimated daily wage loss of \$2 million) are asking an immediate raise 15¢, and negotiations for 10¢ additional hourly pay, from G. E. and Westinghouse, and are coordinating settlement terms at G. M. with those proposed by the auto workers. The union also offered to submit the wage issue to arbitration. Highest company offers are 13¢ from G. M. and 10¢ from G. E., both rejected. Some idea of the electrical workers' willingness to settle for less was given by agreement to end a 16-week strike at Monroe Calculating Machine Co., Orange N. J., for 10¢ more instead of the original demanded 25¢.

• **Farm Equipment**—International Harvester was closed down as 30,000 C.I.O. farm equipment workers walked out a dispute over a 30% wage demand. Harvester offered to negotiate "reasonable" wage increases. A fact-finding board began hearings at midweek.

• **Communications**—A strike of 7,000 C.I.O. communications workers continued to curtail Western Union operations in New York City. As the strike entered its third week, there was no indication that any compromise settlement of a complex wage dispute was in prospect. Western Union was standing by its readiness to pay 12¢ an hour more, as ordered by the NWLB, while the union demanded a higher figure recommended by a regional wage board. The company's operations outside New York were not affected, since 50,000 A.F.L. operators elsewhere in W. U. offices accepted the 12¢ raise.

Western Electric's continuing strike of 17,000 independent union members was causing concern because it has shut off badly needed telephone supplies. The union originally asked for a 2¢ hourly raise, dropped this week to 1¢ an hour, refused a company offer of 1¢. Tension was heightened by company court action seeking to limit picketing.

• **Metal Mining**—C.I.O. copper miners demanding an increase averaging about \$1 a day in wages, struck in Utah copper mines and mills of Kennecott, American Smelting & Refining, and U. S. Smelt-



## MUTUAL CONSENT

Unusual sidelight on the nationwide steel strike is the mutual cooperation of the steelworkers' union and the Aluminum Co. of America at Alcoa, Tenn., to "protect public interests." The agreement only two union pickets and two company guards stand watch each gate of Alcoa plants to check (above) special passes issued office workers, officials, and a skeleton crew maintenance men.

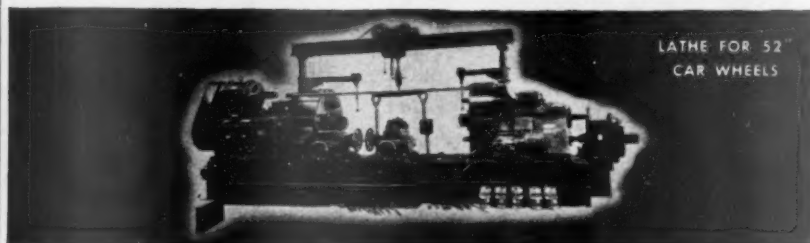
Refining & Mining companies. About 5,000 workers were involved. Companies said they already were paying men for 52 hours a week, but only working them 48. They refused any further increase.

**Transportation**—Strike of 1,500 members of the Brotherhood of Railway Trainmen against two important freight lines in the Chicago area, because of accumulated grievances, was averted at midweek when President Truman named an emergency board under the Railway Mediation Act, usually a move that automatically calls strike action for 60 days.

Meanwhile, the Brotherhood of Railroad Trainmen scheduled a strike vote among its 215,000 members in virtually all of the nation's railroads, and the Brotherhood of Locomotive Engineers probably will take similar action after Feb. 1 among its 78,000 members. The two groups are asking a 25% wage increase and numerous changes in operating regulations. Other railroad organizations probably will take strike votes on the wage issue alone, having dropped

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the issue of rule changes. The votes are no prelude to immediate strike action, but are intended to set Railway Mediation Law machinery into motion.

• **Shipbuilding**—Strike tempers continued high in the nation's shipyards, as both A.F.L. and C.I.O. unions, with jurisdiction over 650,000 shipbuilders, considered the latest government conciliatory moves. Advisers from federal procurement agencies recommended that the shipbuilding wage stabilization conference attempt to settle the impasse, which has existed since Dec. 4, on a basis of an 18¢ raise, 15¢ above the present mechanic's scale. The stabilization conference previously had offered 10% or about 12¢ more, and the proposal was rejected.

Both C.I.O. (which originally asked 30% more plus a 17¢ hourly adjustment to compensate for failure to get a general increase in wartime, later said it would settle for just 30% more) and A.F.L. (which has stood pat heretofore for 26%) indicated they would accept a straight 20¢ an hour more. Employers, who include affiliates of U. S. Steel, Bethlehem Steel, and other corporations involved in the national steel walkout, appeared unlikely, at midweek, to agree to a 15% raise. A strike of 450,000 shipbuilders (excluding 200,000 in Navy Yards) was generally accepted as the cost in 30 days of employer rejection of the current proposal.

## Which Strike Bill?

Despite Congress' mood, is not certain that a passable measure has yet been framed. Leiserson may provide answer.

Members of the House were virtually certain of an opportunity to express their views on labor legislation after modified version of President Truman fact-finding bill (BW—Dec. 15 '45, p. 1) was voted out of the Labor Committee by a 10-to-8 vote, and the Interstate Foreign Commerce Committee voted out, 14-to-5, a bill designed to curb radio activities of James Petrillo's A.F. musicians.

Interest this week was centering on the new fact-finding proposal, which had dropped two controversial features of the President's original program: the 3-day "cooling off" deterrent to strikes and subpoena powers to enable panels to gain access to corporate books.

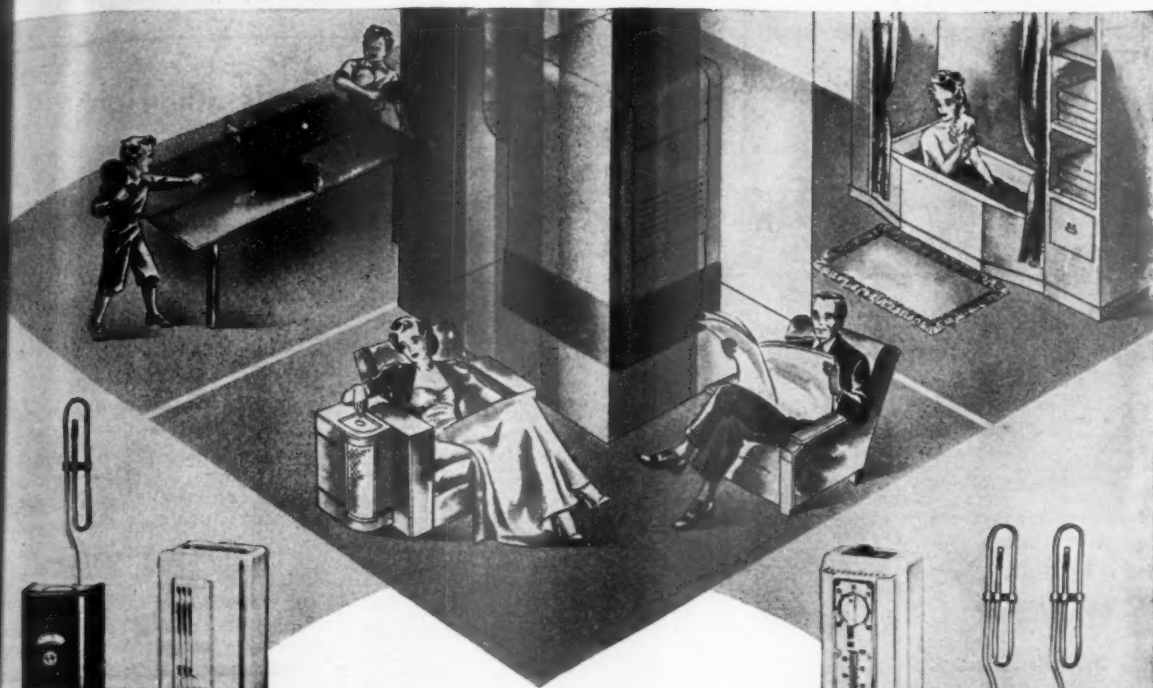
• **Changes Expected**—It was doubtful, however, that the bill would long retain its present shape. Restrictive proposals against labor, restoring and in some cases going beyond original Truman proposals, were being readied. Other amendments were expected to attempt to tack the subpoena rights provision



## POSTWAR RETURN OF THE NATIVE

In chilly Racine, Wis., Jamaican and Barbadian workers, imported to ease the labor pinch during the war, pack their bags for their long trek home—just one more exodus in the wake of the reconversion program. They are part of the 150 foreigners employed by Belle City Malleable Iron. Brought here under the government's \$13,000,000-a-year foreign labor program, the Caribbean islanders, like other importees (BW—Sep. 8 '45, p. 102), are being speeded on their homeward way as fast as United States workers can take over.

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## Where the Labor Supply Is Still Tight

Washington, D. C., Hampton Roads and Richmond, Va., and Peoria, Ill., currently are the only cities in which manpower supply does not measure up to present needs, according to the latest survey of the U. S. Employment Service. This, with industrial reconversion just about completed and with the impact of returning veterans not yet appearing in

unemployment figures, represents a sharp decline from last April. At that time USES classified 75 cities in Group I with respect to labor shortage and 112 in Group II—"normal" labor surpluses do not exist and where the labor supply is sufficient to meet demand. Now the number in the latter classification has dropped to 44. They follow:

Alabama	Louisiana	New York	South Carolina
Montgomery	New Orleans	Troy	Charleston
California	Maryland	New York	Tennessee
Sacramento	Baltimore	Syracuse	Knoxville
Stockton	Massachusetts	Utica-Rome	Nashville
Delaware	Fitchburg	North Carolina	Texas
Wilmington	New Bedford	Charlotte	Austin
Georgia	Nebraska	Durham-Raleigh	El Paso
Atlanta	Lincoln	Winston-Salem-Greensboro	Houston
Illinois	Omaha, Neb.-Council Bluffs, Iowa	Ohio	Utah
Quad Cities		Akron	Ogden
Rockford		Dayton	Salt Lake City
Indiana	New Hampshire	Springfield	West Virginia
Fort Wayne	Manchester	Pennsylvania	Wheeling
Gary-Hammond-S. Chicago	Portsmouth	Allentown	Wisconsin
		Eric	Madison
Iowa	New Jersey	Harrisburg	Merrimac
Sioux City	Perth Amboy	Philadelphia	Milwaukee
			Racine

back on the fact-finding bill when it reaches the floor next week.

Immediate reaction on Capitol Hill was that it was not the answer to current labor problems.

• **The Right Bill?**—Although Congress, if oratory be a criterion, returned from holiday visits home more worked up than ever over the labor situation—and is in the mood for enacting basic labor legislation (page 94)—it may be that the bill that can succeed has not yet been born.

Odds are that the bill which makes the grade, if one does, will come from the Senate Education & Labor Committee, unless the proposal of the House Labor Committee happens to coincide.

The possibility that a repressive measure may be shoved through by rider tactics is not to be overlooked. Truman vetoed the first such attempt made during his regime, throwing out the entire bill. But if the rider is attached to a measure he can't afford to do without, he will be stuck with it.

• **Byrd's Plans**—Sen. Byrd of Virginia has such strategy in mind, although he says he will tag his amendment to a "germane" measure. His proposal to require unions to register with the Securities & Exchange Commission and file a variety of information is ostensibly designed to guarantee union "re-

sponsibility." Byrd is a canny legislator. Temperature generated in the Senate by the Fair Employment Practice Act may serve his purposes admirably.

Under Byrd's proposal, unions have to incorporate in the District of Columbia, report to the SEC on their financial and election matters, submit to civil damage suits for breach of contract and unlawful acts. Unions not complying would be liable for the benefits of the Wagner Act.

• **Less Than 50-50**—The chances of such a bill would become law are less than 50-50, but it will bear watching.

Labor's Senate friends are less than 50-50, but it will bear watching. Labor's Senate friends are less than 50-50, but it will bear watching. Labor's Senate friends are less than 50-50, but it will bear watching.

The chances of the Ball-Balch bill have not been enhanced by Senate committee hearings. This formidable piece of legislation would do a complete overhaul of the Wagner Act, restrict the right to shop, require cool-off periods and compulsory arbitration in disputes



into a broad public utility class.  
**Comfort**—William M. Leiserson  
 William H. Davis, whose "expert"  
 won the majority of the commit-  
 tees, gave Sen. Ball no comfort.  
 The committee asked Leiserson to  
 draft a bill to establish disputes machin-  
 The Leiserson product is likely to  
 be as close to passable legislation  
 as anything pending. His word will carry  
 extraordinary weight (1) because of the  
 feeling among legislators who  
 in intimate terms with labor unions  
 legislation can not be stalled for  
 and some mild treatment had bet-  
 ter be applied, and (2) because of Leis-  
 erson's reputation for sympathetic un-  
 derstanding of labor, which would make  
 charges of bias fall flat.

**Objective**—What Leiserson has in  
 mind is to provide machinery which will  
 develop habits and procedures as  
 the Railway Labor Act has done. The  
 chief of his draft may be the McMahon  
 Act, which makes conciliation, arbitra-  
 tion and boards of inquiry available.  
 Attached to this may be a provision re-  
 quiring the parties to a dispute to admit  
 a conciliator on the government's initia-

tion. The conciliator would have no power  
 greater than the authority to participate  
 in negotiations. Government arbitration  
 would be voluntary, but its acceptance  
 would place an obligation on both sides  
 to maintain the status quo for 30 days.  
**Other Legislation**—The May-Arends  
 bill repealing the War Labor Disputes  
 Act is in limbo, the House having re-  
 fused to adopt a rule giving it the  
 right of way. The repeal provision has  
 not had sufficient support for pas-  
 sage, and probably will be written into  
 some other measure, but the House  
 Judiciary Affairs Committee tripped it  
 up with clauses that would tie up all  
 funds for political purposes and  
 impose stiff penalties when strikes oc-  
 curred under a no-strike pledge.

**Rep. Lea**, the Interstate & Foreign  
 Commerce Committee chairman, has  
 introduced his anti-Petrillo bill to penal-  
 ize the musicians' union for blocking  
 broadcasts of music originating in for-  
 eign stations. Its chances are slim. In  
 the same class is the all-but-forgotten  
 money bill, designed to curb not  
 Petrillo's tactics but some of the  
 badly make-work practices in building  
 construction.

**And Some More**—Rep. Andrews of  
 New York is demanding union incorpo-  
 ration legislation; Rep. Rankin has an  
 enclosed shop bill in the hopper; and  
 Rep. Hoffman proposes 60-day strike  
 penalties in the public utility field. None  
 of the three has any important standing.  
 The House has passed the Hobbs an-  
 tiqueing bill, but it is likely to  
 meet a quiet death in Senate committee.



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# E INTERNATIONAL OUTLOOK

NESS WEEK

MAY 26, 1946



Watch Washington closely and you will soon begin to see the faint outlines of an international economic policy for this country.

An over-all foreign lending policy is already discernible.

The National Advisory Council, provided for by Congress in the Bretton Woods legislation, is already functioning as a reviewing and coordinating agency for all foreign loans.

Composed of the secretaries of State, Treasury, and Commerce, and the chairmen of the Federal Reserve Board and the Export-Import Bank, NAC will weigh political as well as economic factors before sanctioning foreign credits.

Loans made mainly for political purposes are likely to remain comparatively small.

The recent Greek loan falls in this category.

So do credits for Poland and Czechoslovakia now under consideration.

Don't look for Washington to refuse requests for modest credits from countries admittedly in Moscow's new sphere of influence in eastern Europe.

NAC, with a State Dept. representative pointing the way, will aim to keep the trade door open in these critical areas through shrewd allocation of credits to aid in the purchase of U. S. surplus supplies and essential raw materials.

The U.S.S.R. is not now generally expected to join the Bretton Woods plan, nor—immediately—to ask for a U. S. loan.

Moscow still flatly refuses to supply foreign diplomats or the press with details either of internal economic conditions or of new Five-Year Plan goals.

Participants in the Bretton Woods project would be forced to supply information on both.

NAC can't be expected to function at top efficiency until it is more firmly established.

While no credits of any kind have been allowed to Argentina or Spain—in line with Washington's antagonism to the present governments in these two countries—this official stand failed to stop the recent sale (for cash) to Spain of surplus aviation equipment by military authorities.

Neither the War nor the Navy Dept. is represented on NAC.

Nationalization plans in individual countries will, generally, have little effect on this country's immediate loan or trade program.

Britain's drastic coal nationalization project is already being watched primarily for the \$600 million of new equipment orders expected to be placed in the next five years, part of them undoubtedly in the U. S.

French nationalization, more likely to be speeded than retarded by the de Gaulle resignation and the prospect of a period of serious internal political disorder, is also expected to produce far larger foreign purchases of heavy industrial equipment than France bought even in its more prosperous days before the war.

Keep an eye on the nationalization pattern being set by Czechoslovakia (page 22).

Alarmed by the multiplicity of problems—especially in foreign rela-



# THE INTERNATIONAL OUTLOOK (Continued)

## BUSINESS WEEK

JANUARY 26, 1946

tions—created by the first bold and sweeping nationalization plans, Prague shows some signs of modifying earlier decrees by limiting them to the customary basic industries: mining, heavy industry, and utilities.

Also, Czech officials have already indicated a desire to carry out speedily negotiations with U. S. firms for compensation on nationalized properties. Most importantly involved are the telephone and oil distribution systems, valued at \$30 million.

With negotiations now scheduled for mid-February, Prague is racing to wipe the slate clean before opening critically important trade and loan talks with Washington.

### Don't miss several significant new trade developments.

Three big British engineering firms, headed by Dorman Long, have just signed a huge contract with a new Dutch construction combine for rebuilding Rotterdam harbor with its maze of docks and warehouses.

Despite the uncertain future of British-owned railroads in the Argentine, the London-controlled Buenos Aires & Pacific Railway Co. has just announced elaborate plans for the modernization of 650 mi. of mainline track between the capital and Mendoza. High-speed, lightweight diesel locomotives bought in Britain will be introduced to step up passenger schedules.

Supporting the efforts of J. Arthur Rank to build big export sales of British films (BW—Jul.21'45,p22), the Board of Trade—following Rank's announcement that he had acquired a chain of ten moving picture theaters in Eire—has announced that it will create a special Film Bank to help finance exports of British motion pictures.

Oil authorities accept with skepticism the reported Soviet claim that the Standard Oil Co. of New Jersey's development technique in the rich Hungarian petroleum field is antiquated.

More important is the question of whether the U.S.S.R. is permanently to replace the U. S. oil experts in Rumania, Hungary, and Austria.

Soviet petroleum engineering was conceded by Nazi experts to have been far more advanced than generally accepted.

Also, Soviet control over the foreign exchange accruing from oil sales from these fields would strengthen Moscow's hand in orienting the economies of these countries toward the U.S.S.R.

### U. S. business is probably heading into fresh difficulties in Brazil.

Election of Gen. Eurico Gaspar Dutra (page 109) is now generally conceded to mean a victory for the ultra-conservatives who include in their program high tariffs to protect established business (whether it is efficient or not), and heavy taxes on foreign capital.

Nevertheless, the First National Bank of Boston has recently been authorized to establish branches in Rio de Janeiro, Santos, and Sao Paulo.

And U. S. engineers can expect to be invited to plan and possibly to build Brazil's first subway system—in Sao Paulo.

Britain will make a spectacular bid for tourists and trade by staging a huge world's fair in London in 1951—to be dramatized as the first great international exhibition of the atomic age.

# BUSINESS ABROAD

## Another Latin Problem Child

Brazil under new regime may pursue anti-U. S. line like Argentina, thus demonstrating how rapidly wartime Good Neighbor become a difficult customer. Dutra hostile to new enterprises.

More difficult trade relations between country and Brazil can be foreseen. Brazil's newly elected president, Eurico Gaspar Dutra, is inaugurated Jan. 31.

The Dec. 2 election which put hardened, die-hard conservative Gen. Dutra in the presidential chair, occupied 5 years by voluble, apparently easygoing Getulio Vargas, was the victory of the Sao Paulo industry over its three foes: (1) the old Sao Paulo coffee oligarchy which had dominated Brazil since Vargas days; (2) the economic liberalism advocated by the people who had brought Vargas to power in 1930 and subsequently were betrayed by him; and (3) Vargas' demagoguery, which had allowed Communism to get a hold among the illiterate masses.

**What Is Expected**—Coffee and cotton remain the backbone of Brazil's economy, but economic observers agree that the word is now on the last word in Brazilian economic policy will be up to industry. The support commanded by the new president is sufficient guarantee that that last word will not be too lightly or too loudly debated.

Immediate consequences that are expected include:

Centralization of existing industries and removal of obstacles in the way of establishment of new domestic competition.

Limitations on the withdrawal of foreign capital invested in Brazil, and of interest transfers.

Stricter controls on imports and higher customs barriers.

An immediate 25% to 30% devaluation of the Brazilian currency.

This last measure—on which both industry-owners and coffee planters agree heartily—has long been in the air. It was recently, and very mildly, suggested by Vargas' finance minister, Getulio de Souza Costa, who had for years been waving it as a danger signal before the eyes of American coffee importers, in an attempt to obtain the lifting of the Office of Price Administration's price ceilings.

**End of Interests**—With the elimination of Vargas by an Army coup on Oct. 29, 1945, Vargas and his new Communist

allies from the presidential race, the Brazilian elections actually became the struggle of two coalitions, both of conservative leanings, but representing conflicting economic interests, comparable to those of Northern industrialists and Southern planters in the U. S. Civil War period.

The economic platform of the victorious industrial groups was best summed up by Roberto Simonsen, president of the Sao Paulo Federation of Industries and No. 1 spokesman for the elements which picked Dutra. In a pre-election speech, Simonsen, probably the power behind the throne for the coming presidential term, said that "interests prevailing and enterprises already operating [in Brazil] should not be jeopardized by new competitive initiatives."

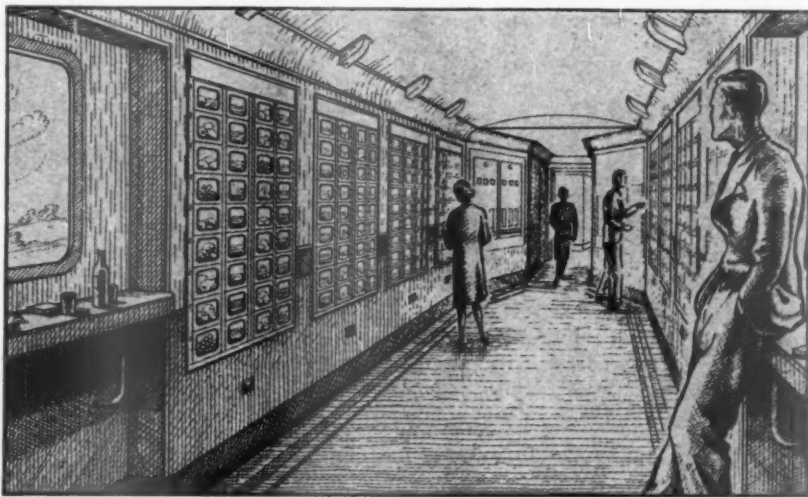
• **The Other Side**—On the other hand, the policies of the groups supporting Gen. Eduardo Gomes, the losing candidate, favored, according to campaign

speeches by the candidate himself, "facilities for the establishment of light industries . . . nationalization of strategic industries . . . maintenance of customs protection only if and when the industries thereby protected are technically modern and efficient, and ultimate reduction of all customs barriers."

Further, the losers' program was intended to encourage the investment in Brazil of foreign capital, with full guarantees that investors would be able at any time to withdraw principal and dividends. The passage of strong legislation against cartels and monopolies was also advocated.

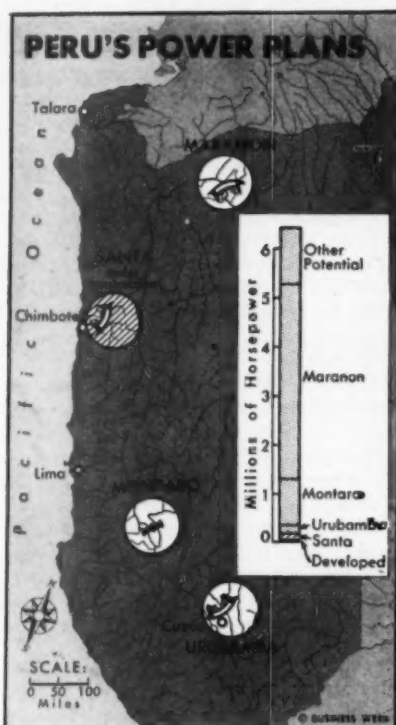
• **May Need Machinery**—From the viewpoint of their results, it is extremely unlikely that any immediate benefit will be derived by U. S. exporters from the election. For some time at least the market for imported finished goods is likely to be partially closed. On the other hand the forces that are behind Dutra are pledged to furthering an extensive industrialization program which will call for large imports of heavy machinery.

Brazil, which started on the path of progress in the first World War, reached at the close of the second World War an international position far above the hopes of even her most ardent patriots. But Brazilian industrialists can have little expectation of maintaining production at its present level unless they renew the equipment of their vaunted but nonetheless obsolete and overworked



### FOR SNACKS BETWEEN STATIONS

Strikingly similar to Automat restaurants in the U. S., a novel snack car is to be introduced in England by Great Western Railroad—as soon as food conditions permit. Designed for short runs, the "automat buffet car" will deliver a variety of goods—sandwiches, cake, candy, ice cream, cigarets, drinks, even medical requisites—from several hundred coin-operated chromium compartments. Stand-up counters in front of wide observation windows are to be provided for those timid about carrying food and drinks back to their seats.



In addition to the Santa power project, now being built with the help of U. S. Export-Import Bank funds (BW—Aug. 5 '44, p113), Peru's Santa Corp. has three other hydroelectric projects on its drawing boards for the long-range development of the nation. The Urubamba 120,000-hp. project will supply Cuzco industries. The Montaña 125,000-hp. project will involve an 11½-mi. tunnel across a river-loop to use a 980-ft. drop and tap a potential of 440,000 hp. In northern Peru, the Marañon project will harness a 4,000,000-hp. potential—in progressive stages over many years. Money is not yet available for any of these schemes, which in any event must await further expansion of the national economy for their profitable operation.

industries which are concentrated in the states of Sao Paulo and Minas Geraes.

• **Warnings**—Many warnings have been given Brazilian industrialists that their equipment needed complete renovation. Mexico's Left Wing labor leader, Lombardo Toledano, when visiting Sao Paulo in 1944, bluntly told industrialists that their plants would have to stop production altogether unless they got new machinery. They will also have the problem of converting their wartime industries into peacetime manufactories.

Another problem which will arise for Brazil after reconversion is the marketing abroad of the products which will soon be forced to face keen world competition. During the war, for instance, Brazil's textiles (the largest of Brazilian industries) found a big outlet abroad, both in the Western Hemisphere and among other countries like South Africa. It is extremely doubtful, however, that once international trade is restored to normality, Sao Paulo can still compete with better and cheaper American or British goods.

• **Anti-U. S. Sentiment**—A harsh press campaign against the United States' allegedly trying to sell Brazil its obsolete equipment has been carried on in recent years by Assis Chateaubriand's chain of "Associated Dailies"—including 21 newspapers, 17 radio stations, three magazines, and a news-gathering agency.

The rivalry between the United States and Britain to supply the needed replacement machinery to Brazil has all the makings of a good trade fight.

Britain's moral position in South America is strong. London propaganda during the war undoubtedly was more efficient than that of the U. S. For one thing, Britain needed no bases, no raw materials. It promised it would deliver the goods once the war was over, and Brazilians were willing to wait.

• **Diplomatic Repercussions**—The U. S., on the other hand, had to bargain for bases and raw materials. U. S. diplomats had to associate closely with the ruling classes in order to salvage a badly threatened hemisphere unity. While many concessions had to be made, U. S. envoys often made themselves locally unpopular because of an allegedly too close association with antidemocratic rulers.

Today the wartime hemisphere solidarity is split wide open. The threat of United States intervention is successfully brandished by old-time pro-German elements uniting with Latin America's rabid nationalists in forming a pro-European front, which is not so much pro-European as it is anti-United States.

• **Not for Discussion**—In the Rio de Janeiro conference which is slated to open Mar. 15, nothing is scheduled to be debated except the hemisphere defense pact contained in the Chapultepec Charter. The Argentine problem will loom too dangerously on the gathering's horizon to permit any discussion of normal business trends.

It looks as though the solution of hemisphere trade problems in the immediate future at last will be up to American diplomacy more than to American business. As things stand now, wartime Good Neighbors are going to be extremely difficult customers.

## Island Airport

Portuguese want to build big terminal in South Atlantic to funnel air traffic away from Dakar. U. S. lines disagree.

Portuguese government agents recently are shopping around the United States for necessary equipment to develop a major international airport on the South Atlantic's Cape Verde Islands.

• **Strategic Stopover**—Apparently in on competing with Dakar as the first for the bulk of air traffic to South Africa and South America, the Salazar government intends to build a big terminal on Sal Island in the Cape Verde group.

Advantage of Sal would be to flying distance on South African route via the Azores as well as to serve strategic stopover on the Lisbon-South America run. Difficulties in getting delivery on the necessary construction and installation equipment to be the only obstacle in the way of an early completion of the project.

• **U. S. Lines Disagree**—Although Portugal views the development as a step to capture the South Atlantic air traffic, U. S. airline executives do not see eye-to-eye with the Salazar government to the value of Sal as an international terminal.

American companies, looking at the problem from a hard-headed business point of view, would rather open from Dakar—a point where traffic would be generated from the African continent. Sal, they argue, would only mean a small island stopover, unproductive passenger potential.

• **Elaborate Plans**—Development of Cape Verde is only another link in the Salazar plan to put little Portugal in the major leagues of international air competition. As a further step in this direction, the Portuguese government recently concluded commercial air pacts with Britain and the U. S.

As a stimulant to further air expansion, the Salazar government is planning to start a service to Angola and Mozambique under the Transatlantic Aeros Portuguese. The whole scheme will be turned over to private operation as soon as the line functions smoothly.

## TEXTILE MACHINES NEEDED

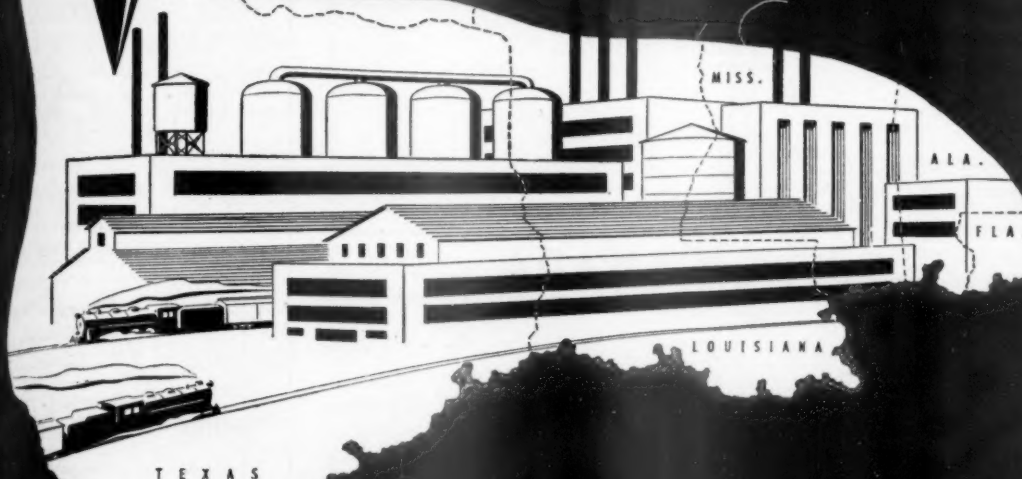
PRAGUE—Desperately in need of textile machinery to replace its moded equipment, the Czechoslovak government is sending a commission to the United States in February to





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tiate for the purchase of cotton automats and other processing units. Linen and woolen manufacturing machinery is being sought in England, and hosiery and knitting equipment in Switzerland.

Unless the Czech textile industry—60% of which has been nationalized—can obtain machines from the U.S. and other foreign sources, competition will virtually force Czechoslovakian cottons, woolens, linens, silks, and rayons out of the international market. Nationalization, with the government policy of higher pay for workers, plus dependence on old equipment, no longer enables the industry to lean on prewar low wage scales to meet competition.

Before the war, Czech manufacturers were exporting an average of \$16 million in textiles annually to the U.S. (representing over 40% of the country's exports to the U.S.). At present, textile exports consist of a trickle of linens to Switzerland and Sweden. Plans are afoot to begin some linen exports to North and South America this spring.

## CANADA

### CANADIAN TAX REFUNDS

OTTAWA—Through the war years Canadian businesses and individuals have paid staggering taxes with the guarantee that a part would be refunded after the war. The refundable portion of personal income taxes varied; 20% of business' 100% excess-profits tax is to be refunded. Last week Ottawa announced its plans for paying back \$516,500,000. The record of collections is as follows:

Refundable Taxes Collected:	Personal (Millions of Dollars)	Corporation (Millions of Dollars)
1942-43*	60	37
1943-44	130	82.5
1944-45	70	65
1945-46	—	72
Total	260	256.5

\* Fiscal years.

The government repayment schedule calls for refunds on the 1942-43 collection of \$97 million by Mar. 31, 1948. Other annual collections are to be repaid yearly.

Canadian economists have speculated on the timing of repayment, some of them judging that it will serve to inhibit any prospective postboom slump, coinciding fairly closely with the maturing of Canada's eight-year war savings certificates. It is also thought that the repayment dates may be affected by the inflationary or deflationary character of the postwar period. Thus, if there should be clear evidence of an inadequacy of

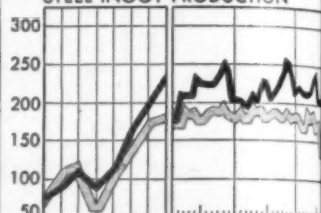
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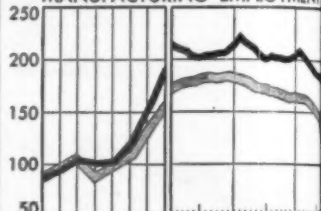
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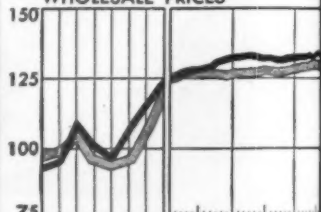
### STEEL INGOT PRODUCTION



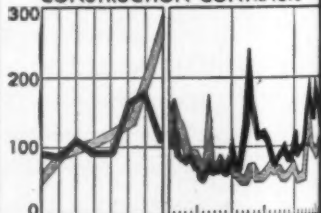
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### WHOLESALE PRICES



### CONSTRUCTION CONTRACTS



### RETAIL SALES



© BUSINESS

chasing power and investment capacity at any time, the government may advance the date of refund.

## MINING STRIKE THREAT

SYDNEY, N. S.—Although Canada entered the new year with only one small-size strike on its books, negotiations are nearing a deadline for settlement of two major disputes which might affect Dominion-wide industries. A strike action by 12,000 coal miners and 5,000 steelworkers in Nova Scotia employed by the big Dominion Steel & Coal Corp. (Dosco), is threatened if agreement is not reached by Jan. 1.

This week coal miners and United Steel Workers officials were to meet with the operators to decide whether settlement proposals are acceptable. The United Steelworkers have protested Labor Minister Humphrey Mitchell's latest regional War Labor Board decision refusing a general 4¢ wage increase.

The coal miners reached agreement with all but one point last fall (BW-1745,p117), but a two-year contract was snagged on a cancellation clause introduced to protect the company if price controls or subsidies paid by the government are withdrawn.

The steelworkers are faced with a similar company stand, and have made pointed remarks about government intervention if private enterprise can't sign new contracts without prior promises of Dominion aid. The union's protest to Ottawa hinges on a claim that one member of the five-man labor board was ill, the board's tie vote does not represent its majority opinion.

## CANADIAN FARM TRACTOR

TORONTO—For the first time since 1942, when Massey-Harris Co., Ltd., stepped production, Canada will manufacture farm tractors.

Cockshutt Plow Co., Ltd., Brantford, Ont., veteran farm implement maker, designed its own tractor and signed contracts designed to guarantee output on a scale to meet competition from U.S. manufacturers. Two cooperative farm implement companies will handle the tractor along with the Cockshutt Western combine, swathers, and tillage machine.

Canadian Co-operative Implement, Ltd., with some 50,000 members in the prairie provinces, and the National Farm Machinery Cooperative, Shelbyville, Ind., will handle the Cockshutt tractors under their own trademarks, while Cockshutt Plow will handle the tractors under the Cockshutt name through its Canadian dealers.

## ADVERTISERS IN THIS ISSUE

Business Week—January 26, 1946

THE ADDRESSOGRAPH-MULTIGRAPH CORP. ....	83	METROPOLITAN LIFE INSURANCE CO. ....	48
Agency—The Griswold-Eshleman Co.		Agency—Young & Rubicam, Inc.	
AIR-MAZE CORP. ....	26	MODINE MANUFACTURING CO. ....	77
Agency—Fuller & Smith & Hoss Inc.		Agency—The Cramer-Krasselt Co.	
ALLEN CALCULATORS, INC. ....	78	MONSANTO CHEMICAL CO. ....	50
Agency—Wesley Ares & Assoc.		Agency—Gardner Advertising Co.	
ALUMINUM COMPANY OF AMERICA ....	80	MUEHLHAUSEN SPRING CORP. ....	88
Agency—Fuller & Smith & Hoss Inc.		Agency—Carter, Jones & Taylor	
AMERICAN CHAIN & CABLE CO., INC. ....	34	NATIONAL ADHESIVES ....	24
Agency—Belincke, Meyer and Finn, Inc.		Agency—G. M. Bradford Co.	
AMERICAN TELEPHONE & TELEGRAPH CO. ....	14	NATIONAL CITY BANK OF CLEVELAND ....	75
Agency—N. W. Ayer & Son, Inc.		Agency—McCann-Erickson, Inc.	
AMPSCO METAL, INC. ....	42	NEENAH PAPER CO. ....	74
Agency—Hoffman & York		Agency—Kirkgasner-Drew	
ATLANTIC GULF & WEST INDIES STEAMSHIP LINES ....	73	NEKOOSA-EDWARDS PAPER CO. ....	71
Agency—Wendell P. Colton Co.		Agency—The Cramer-Krasselt Co.	
THE AUTOCAR CO. ....	79	NEW HAMPSHIRE STATE PLANNING & DEVELOPMENT COMMISSION ....	105
Agency—Gray & Rogers		Agency—Charles W. Hoyt Co., Inc.	
BALDWIN LOCOMOTIVE WORKS, INC. ....	27	THE NEW JERSEY ZINC CO. ....	11
Agency—Ketchum, MacLeod & Grove, Inc.		NEW YORK CENTRAL SYSTEMS ....	31
BANTAM BEARINGS DIVISION, THE TORRINGTON CO. ....	97	Agency—Foote, Cone & Belding	
Agency—Hazard Advertising Company		NORTON CO. ....	41
BETTER HOMES & GARDENS ....	48	Agency—John W. Odile Co., Inc.	
Agency—Kudner Agency, Inc.		THE OSBORN MANUFACTURING CO. ....	45
BYRON WESTON CO. ....	45	Agency—The Griswold-Eshleman Co.	
Agency—Walter B. Snow & Staff, Inc.		OZALID PRODUCTS DIVISION GENERAL ANILINE & FILM CORP. ....	95
CLARAGE FAN CO. ....	12	Agency—Young & Rubicam, Inc.	
Agency—W. J. Williams Adv. Agency		PACIFIC DIV., BENDIX AVIATION CORP. ....	40
CLUES ....	112	Agency—The Shaw Co.	
Agency—Meermans, Inc.		PACKAGE MACHINERY CO. ....	78
COUNTRY GENTLEMAN ....	90	Agency—John D. Powers Co.	
Agency—James G. Lamb Co.		PAINE, WEBBER, JACKSON & CURTIS ....	76
DELTA AIR LINES ....	78	Agency—Doremus & Co.	
Agency—Adams, Burke Dowling, Inc.		PITNEY-BOWES, INC. ....	72
DESIGNERS FOR INDUSTRY, INC. ....	114	Agency—L. E. McGivern & Co., Inc.	
Agency—The Bayless-Kerr Co.		PRESTITE ENGINEERING CO. ....	3
DETEX WATCHCLOCK CORP. ....	86	Agency—Oakleigh R. French & Assoc.	
Agency—Advertising Associates		PUERTO RICO DEVELOPMENT CO. ....	106
EASTMAN KODAK CO. ....	89	Agency—McCann-Erickson, Inc.	
Agency—J. Walter Thompson Co.		RAYTHEON MFG. CO. ....	51
ELECTRIC INDUSTRIAL TRUCK ASSN. ....	37	Agency—J. M. Mathes, Inc.	
Agency—Ketchum, MacLeod & Grove, Inc.		REPUBLIC RUBBER DIVISION LEE RUBBER & TIRE CORP. ....	2
ELECTRIC STORAGE BATTERY CO. ....	4	Agency—Wearstler Advertising, Inc.	
Agency—Geare-Marston, Inc.		REVERE COPPER AND BRASS, INC. ....	28
ERIE RAILROAD CO. ....	85	Agency—St. Georges & Keyes, Inc.	
Agency—The Griswold-Eshleman Co.		ROBBINS & MYERS SALES, INC. ....	87
ETHYL CORP. ....	6	Agency—Erwir, Wasey & Co., Inc.	
Agency—Batten, Barton, Durstine & Osborn, Inc.		JOHN A. ROEBLING'S SONS CO. ....	44
A. B. FARQUHAR CO. ....	23	Agency—Rickard & Co., Inc.	
Agency—J. G. Kuster & Associates		SAN FRANCISCO EXAMINER ....	56
FELT & TARRANT MANUFACTURING CO. ....	99	Agency—Brisachet Van Norden & Staff	
Agency—N. W. Ayer & Son, Inc.		SHEFFIELD CORP. ....	84
FRICK CO. ....	36	Agency—Witte & Burden	
Agency—Waynesboro Adv. Agency		SHELL OIL CO. ....	3rd Cover
FRISCO LINES ....	82	Agency—J. Walter Thompson Co.	
Agency—Gardner Advertising Co.		SOCONY-VACUUM OIL CO., INC. 2nd Cover	
GENERAL BOX CO. ....	64	Agency—Compton Advertising, Inc.	
Agency—The Buchen Co.		SOUTHERN COMFORT CORP. ....	86
GENERAL ELECTRIC CO. ....	38	Agency—Jackman & Flaherty	
Agency—Benton & Bowles		SQUARE D COMPANY ....	115
THE B. F. GOODRICH CO. ....	1	Agency—Belincke, Meyer and Finn, Inc.	
Agency—The Griswold-Eshleman Co.		STANDARD PAPER MFG. CO. ....	8
GOODYEAR TIRE & RUBBER CO., INC. 58, 59		Agency—D. D. Staples Associates	
Agency—Kudner Agency, Inc.		STONE, WEBSTER & BLODGET, INC. ....	76
GRAYBAR ELECTRIC CO. ....	42	Agency—Doremus & Co.	
W. C. HAMILTON & SONS ....	63	SUPERIOR STEEL CORP. ....	57
Agency—Gray & Rogers		Agency—Walker & Downing	
HAMMERMILL PAPER CO. ....	49	TAYLOR INSTRUMENT COS. ....	52, 53
Agency—Batten, Barton, Durstine & Osborn, Inc.		Agency—Batten, Barton, Durstine & Osborn, Inc.	
HERCULES POWDER CO., INC. ....	39	TODD CO., INC. ....	35
Agency—Fuller & Smith & Hoss Inc.		Agency—The Merrill Anderson Co.	
HYCAR CHEMICAL CO. ....	25	THE TORRINGTON CO. ....	96
Agency—The Griswold-Eshleman Co.		Agency—Hazard Advertising Co.	
INTERNATIONAL HARVESTER CO., INC. ....	54	THE TRAILMOBILE CO. ....	100
Agency—Aubrey, Moore & Wallace, Inc.		Agency—Geyer, Cornell & Newell, Inc.	
INTERNATIONAL MINERALS & CHEMICALS CORP. ....	66	THE TRAVELERS INSURANCE CO. ....	69
Agency—C. Franklin Brown & Co.		Agency—Young & Rubicam, Inc.	
C. WALKER JONES CO. ....	92	UNITED AIR LINES ....	60
Agency—Gray & Rogers		Agency—N. W. Ayer & Son, Inc.	
JONES & LAMSON MACHINE CO. ....	70	UNITED BUSINESS SERVICE ....	114
Agency—Henry A. London Adv.		Agency—Albert Frank-Guenther Law, Inc.	
THE KAYDON ENGINEERING CORP. ....	101	UNITED GAS PIPE LINE CO. ....	111
Agency—Klaus Van Peterum-Dunlap Assoc., Inc.		Agency—Bodell & Jacobs, Inc.	
LAYELLE AIRCRAFT CORP. ....	112	U. S. STEEL SUPPLY CO. ....	91
Agency—Broomfield-Podmore Co.		Agency—Batten, Barton, Durstine & Osborn, Inc.	
MANNING, MAXWELL AND MOORE, INC. 61		WARREN WEBSTER & CO. ....	8
Agency—Briggs & Varier, Inc.		Agency—William Jenkins Advertising	
MARSH STENCIL MACHINE CO. ....	112	THE WEATHERHEAD CO. ....	4th Cover
Agency—Krupnick & Assoc.		Agency—Maxon, Inc.	
MCGRAW-HILL BOOK CO., INC. ....	102	WEBSTER ELECTRIC CO. ....	43
MERCURY MANUFACTURING COMPANY ....	104	Agency—Hamilton Advertising Agency	
Agency—O'Grady-Anderson		THE WESTERN UNION TELEGRAPH CO. ....	93
		Agency—J. Walter Thompson Co.	
		WHITE RODGERS ELECTRIC CO. ....	103
		Agency—Frank G. Japha	
		WHITING CORP. ....	30
		Agency—The Fensholt Co.	



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# THE MARKETS (FINANCE SECTION—PAGE 1)

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial .....	170.6	176.4	165.2	129.2
Railroad .....	66.7	68.0	63.9	47.2
Utility .....	89.4	88.8	81.9	57.4
<b>Bonds</b>				
Industrial .....	124.2	123.8	123.4	121.3
Railroad .....	118.9	118.9	117.8	113.2
Utility .....	116.6	115.9	116.6	116.7

Data: Standard & Poor's Corp.

## News and Consequences

Last week's news that the steel strike could not be averted (as so many had expected) and that security trading would be placed at once on an entirely cash basis by raising margin requirements from 75% to 100% proved too bitter a dose for the stock market to swallow without some quite drastic price repercussions.

• **Despite the Dictum**—Even though history shows it is generally wiser to obey, not violate, Wall Street's ancient dictum against selling stocks on strike news, spells of profit-taking appeared. As a result, Big Board trading Friday soared to a 3,230,000-share level, a new peak since 1940's fall-of-France panic.

The waves of liquidation that beat on the stock market's price structure finally started to subside after the week end passed. By the close of trading on Monday of this week, however, most of the early-January gains, which

had sent Dow-Jones' industrial price index to a new post-1930 high of 203.81, had vanished. Sharp individual losses were very plentiful.

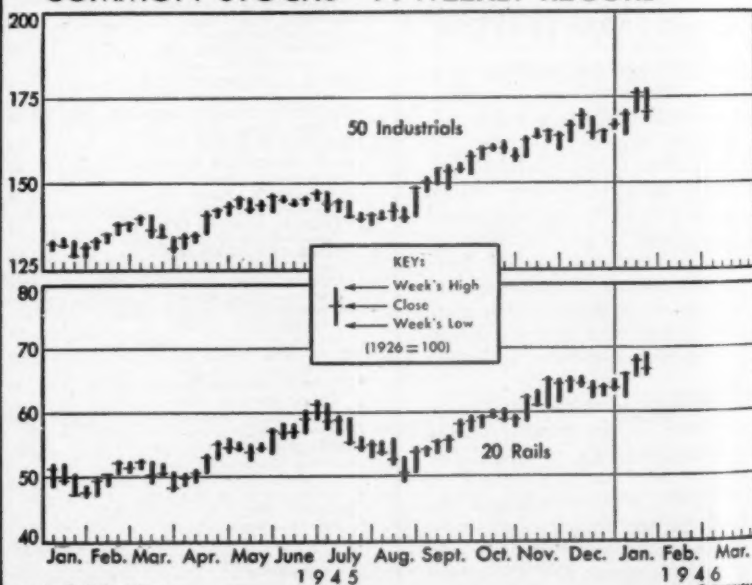
• **Firmer Tone**—Since then, a firmer tone has been evidenced. Nevertheless, volume on the upside this week has been much smaller than when liquidation was the order of the day. Market selectivity in purchases has been noted. And to some midweek observers, rally appeared to have many of the earmarks of a mere "technical rebound."

Some of the selling doubtless was to the order placing the market on a cash basis; such an event is bound to have its effect. However, such selling wasn't so important as some Street bigwigs are claiming. It was noticeable that the heaviest dealings continued to be in the low-priced stocks, barred from margin trading since last March.

Many brokers do expect that the recent trends toward wide price fluctuations will become more and more noticeable as the full impact of the margin-rule is felt. But they are worried about the imminence of a really bad major price break. They claim such an eventuality would require a complete change in present market psychology and that too many investors are now waiting for a good reason upon which to buy.

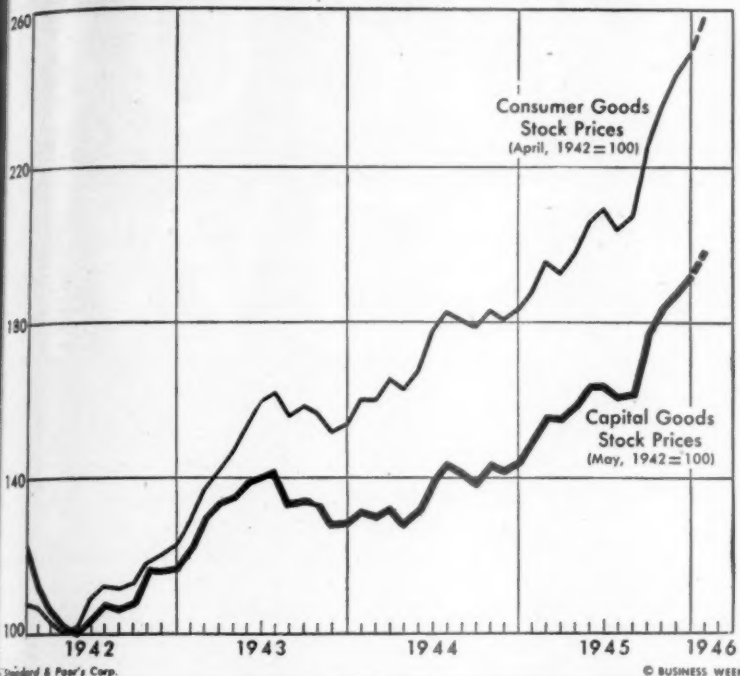
• **All the Fixings**—As one experienced Street observer put it recently, all the usual late bull market fixings are

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

## HEAVY GOODS SHARE PRICES STILL LAG



Standard & Poor's Corp.

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ent, including "enthusiasm, price parities, exaggerated optimism, and per shop sponsorship." As he sees when one is thus forced to deal "with tions, rather than facts, there is no stick" that can be relied upon. netime, however (perhaps even in 6, he thinks), "this surplus, excess, itable buying power is going to be y spent" and "then there is bound e trouble, some headaches, and a demand for aspirin."

### Act Performers

The so-called "capital goods" group shares—despite the wartime prominence of their issuers as armament suppliers and the key position of those companies in the postwar scheme of things—has persistently lagged behind leaders in the 1942-47 bull market. Even last week, such stocks, measured by Standard & Poor's weekly price index, were still about 12% below their high despite a sharp early-January rise. The over-all industrial index, on the other hand, was some 6% higher. The "consumers' goods" average had actually bettered its 1937 top over 25%.

**Normal Behavior**—It is not unusual, however, for stocks of the heavy goods industries (those making steel, chemical machinery, equipment, etc.) to lag behind. Their biggest moves are normally seen in the later stages of a market. A glance at their show-

ing during previous wild price upswings confirms this.

In the late 1920's, for instance, the heavy goods index scored less than 24% of all its January, 1926-September, 1929, gains in 1926-27. Its sensational years were 1928, when 40% was chalked up, and 1929, when 36% was obtained before the price crackup.

• **In Contrast**—The consumers' goods group, however, achieved about 47% of its advance in 1926-27 and the rest in 1928. The industrial index acted similarly. It recorded 30% of its gain in 1926-27, 48% in 1928, only 22% in 1929.

Similar divergence was evidenced in 1935-37. The heavy goods index scored only 38% of its total upsurge in 1935 against the 59% achieved then by consumer goods stocks and 47% by the industrial average. In 1936, however, 46% was acquired and another 16% in early 1937 against the 34% and 7% comparable figures disclosed by the consumer goods group and 41% and 12% by the industrial index.

• **Again?**—Whether this will prove the case before the present bull market subsides remains to be seen. Many brokers, however, not only think that it will but rather expect the usual pattern to be accelerated shortly by the huge war-created, pent-up demand for products of the heavy goods industries. Consequently more and more suggestions of purchases in that group are being witnessed.

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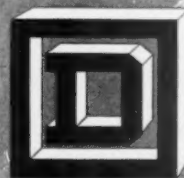
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# THE TREND

## LIBERTY DOES NOT COME FREE

Along with eternal vigilance, one of the prices of liberty in the modern industrial state is the risk of strikes, and strikes which, in the very nature of the case, are likely to be decidedly damaging to the economy as a whole. Failure to face up to this unpalatable economic fact of life, it seems to us, is dangerously confusing a large share of what passes for thinking on what to do about present and prospective labor turmoil.

• The failure manifests itself specifically in the widely held notion that it is possible (1) to enjoy the benefits of collective bargaining on wages and working conditions until this more or less orderly manifestation of economic freedom breaks down and degenerates into a crude test of economic strength by strike, and (2) then to avoid the wear and tear of such a test by having arrangements for the government to step in and direct a settlement which will end the strike. The fact is, of course, that the two processes are quite incompatible. To the extent to which arrangements to have the government step in and settle strikes are effective they wreck collective bargaining.

If there is any lesson which our wartime experience in handling labor disputes should have taught us it is this. The National War Labor Board was available to settle any consequential labor dispute by what amounted to compulsory arbitration. As a consequence, there was no finality about collective bargaining, and it went by the boards accordingly. Indeed, there were manifold instances where disagreements were taken to the board for settlement without even a pretense that the parties had talked over, let alone bargained over, the issues involved. "Why bother?" they said frankly. "It will be settled in Washington." While its tripartite membership saw eye to eye on very little, there was no disagreement around the National War Labor Board that it had crippled collective bargaining.

• President Truman seemed to reflect an awareness of this lesson when, shortly after V-J Day, he told Congress "With the return to peacetime economy and the elimination of the present temporary wartime agencies and procedures, we must look to collective bargaining, aided and supplemented by a truly effective system of conciliation and voluntary arbitration, as the best and most democratic method of maintaining sound industrial relations." However, under pressure to do something about strikes, he then proceeded to undercut this basic policy proposition by instituting his "fact-finding" program whereby government boards investigate major labor disputes, announce conclusions about suitable settlements, and then rely on public opinion to give them force. While these opinions lack the force of

government authority which the National War Labor Board decisions had, their effect in scuttling collective bargaining is different only in degree. The availability of "fact-finding" machinery gives those who do not like the way collective bargaining is working another chance to get their way in Washington, and collective bargaining suffers accordingly.

This would be true regardless of whether or not the so-called "fact-finding" boards were packed in favor of management, in favor of labor—as it is the general opinion of management that they have been thus far—staffed with that phenomenon to be found only on the other side of the gates of Paradise, the completely unbiased man. The very existence of machinery to recommend settlements of disputes where collective bargaining has broken down provides its own assurance that it will be used by one side or the other and that collective bargaining will be undermined.

• It does not follow, of course, that because arrangements for governmental review of the results of collective bargaining undermine the process, nothing can be done to make the process work better. For collective bargaining to work well there must be a fairly even balance between the bargaining weight of the two parties concerned. The Wagner Act was passed on the theory that the balance was too heavily weighted on the side of management. Now it is the almost unanimous opinion of management and many other people, that the balance has swung too far over on the side of labor. If they are right about it, revision of the Wagner Act is essential to effective collective bargaining. It is not the intention here, however, to pass on that issue.

It does not follow either that, because collective bargaining would be upset, nothing should ever be done to provide for government settlement of strikes. Some enterprises may provide services so absolutely crucial to the life of the community that any damage done to collective bargaining in trying to keep them going should be regarded as of secondary importance. Also there may be peculiarly critical periods—of war, or reconversion—when it is more important to try to stop strikes than to protect collective bargaining.

• It does very decidedly follow, however, that government machinery for settling strikes, whether by "fact finding" or by some more binding form of arbitration, is also machinery for wrecking collective bargaining and the freedom from government control of economic life that goes with it. To have it otherwise, it would be necessary to master the trick of having one's cake and eating it too. In these troublous times it might be well to bear in mind that no one has yet learned how to do that.



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